United Nations

United Nations Development Programme

Financial report and audited financial statements

for the biennium ended

31 December 1995 and

Report of the Board of Auditors

General Assembly
Official Records • Fifty-first Session
Supplement No.5A (A/51/5/Add.1)

United Nations Development Programme

Financial report and audited financial statements for the biennium ended 31 December 1995 and Report of the Board of Auditors

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NOTE

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ABBREVIATIONS

AfDB	African Development Bank
AFESD	Arab Fund for Economic and Social Development
AsDB	Asian Development Bank
EBRD	European Bank for Reconstruction and Development
ECA	Economic Commission for Africa
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ESCAP	Economic and Social Commission for Asia and the Pacific
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IBRD	International Bank for Reconstruction and Development
ICAO	International Civil Aviation Organization
IDA	International Development Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
ITC	International Trade Centre
ITU	International Telecommunication Union
UNCDF	United Nations Capital Development Fund
UNCHS	United Nations Centre for Human Settlements (Habitat)
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNFSTD	United Nations Fund for Science and Technology for Development
UNHCR	Office of the United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNITAR	United Nations Institute for Training and Research
UNOPS	United Nations Office for Project Services
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
UNSO	Office to Combat Desertification and Drought
UNTAC	United Nations Transitional Authority in Cambodia
UNV	United Nations Volunteers
UPU	Universal Postal Union
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization
WTO	World Tourism Organization

LETTERS OF TRANSMITTAL AND CERTIFICATION

26 April 1996

Sir,

Pursuant to financial regulation 16.1, we have the honour to submit the financial statements of the United Nations Development Programme for the biennium ended 31 December 1995, which we hereby approve.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

We, the undersigned, acknowledge that:

the Management is responsible for the integrity and objectivity of the financial information included in this report;

the financial statements have been prepared in accordance with the United Nations System Accounting Standards and include certain amounts that are based on Management's best estimates and judgements;

established accounting procedures and related systems of internal control provide reasonable assurance that assets are safeguarded, that the books and records properly reflect all transactions and that policies and procedures are implemented by qualified personnel with an appropriate segregation of duties. UNDP internal auditors continually review the accounting and control systems;

the Management provided the United Nations Board of Auditors and UNDP internal auditors with full and free access to all accounting and financial records;

the recommendations of the United Nations Board of Auditors and UNDP internal auditors are reviewed by the Management. Control procedures have been implemented or revised, as appropriate, in response to those recommendations.

We each certify that, to the best of our knowledge, information and belief, all material transactions have been properly charged in the accounting records and are properly reflected in the appended financial statements.

Accept, Sir, the assurances of our highest consideration.

(Signed) James Gustave SPETH
Administrator of the
United Nations Development Programme

(Signed) Alan M. POTTER
Acting Director
Division of Finance
United Nations Development Programme

The Chairman of the Board of Auditors
United Nations
New York

31 July 1996

Sir,

I have the honour to transmit to you the financial statements of the United Nations Development Programme for the biennium 1992-1993 ended 31 December 1995, which were submitted by the Administrator. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(_Signed_) Osei Tutu PREMPEH
Auditor General of Ghana
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

I. FINANCIAL REPORT FOR THE BIENNIUM ENDED 31 DECEMBER 1995

1. The Administrator has the honour to submit his financial report for the biennium ended 31 December 1995, together with the audited financial statements of the United Nations Development Programme (UNDP) for the biennium ended 31 December 1995 and the report of the Board of Auditors. This submission is made in conformity with the Financial Regulations of the United Nations Development Programme. The financial statements consist of statements and schedules, accompanied by notes which are an integral part of the financial statements, and cover all funds for which the Administrator is responsible.

2. The UNDP financial statements incorporate expenditure data obtained from the executing agencies. As far as possible, the data are obtained from the agencies' audited statements or, when such statements are not available at the time of the year-end closing of the UNDP accounting records, either from the agencies' statements as submitted for audit or from the agencies' unaudited statements.

3. As at the date of preparation of the present financial statements, the status of information received from the executing agencies was as follows:

(a) Audited statements were provided by the following executing agencies:

World Tourism Organization

(b) Statements as submitted for audit were provided by the following executing agencies:

African Development Bank
Arab Fund for Economic and Social Development
Asian Development Bank
Economic and Social Commission for Asia and the Pacific
Economic and Social Commission for Western Asia
Economic Commission for Africa
Economic Commission for Europe
Economic Commission for Latin America and the Caribbean
European Bank for Reconstruction and Development
Food and Agriculture Organization of the United Nations
International Atomic Energy Agency
International Civil Aviation Organization
International Finance Corporation
International Labour Organization
International Maritime Organization
International Monetary Fund
International Telecommunication Union
International Trade Centre
United Nations

United Nations Centre for Human Settlements (Habitat)

United Nations Conference on Trade and Development

United Nations Educational, Scientific and Cultural Organization

United Nations Environment Programme

United Nations Industrial Development Organization

United Nations Institute for Training and Research

United Nations Office for Project Services

Universal Postal Union

World Bank

World Health Organization

World Intellectual Property Organization

World Meteorological Organization

Changes in accounting practices and policies in the biennium

Financial regulations and rules

4. The financial statements have been prepared in accordance with the financial regulations for UNDP which were approved by the Executive Board.

Accounting policies

5. A summary of significant accounting policies applied in the preparation of the financial statements is provided in note 2 to the financial statements. The policies are the same as those applied in the 31 December 1993 financial statements.

Presentation of accounts

Format:

6. Following the recommendation by the Administrative Committee on Coordination (ACC) on the common inter-organization accounting standards and a harmonized presentation of financial statements, UNDP has adopted the recommended format for the biennium ended 31 December 1995. The new presentation distinguishes the different types of funds which are managed by UNDP. Within the UNDP account, a separate disclosure was made for the activities of the Inter-Agency Procurement Services Office (IAPSO) and the Reserve for Field Accommodation.

7. The comparative figures of the prior biennium were not presented because of the difficulty in reconstituting prior biennium statements in the new format, which was fully acknowledged by the ACC and not mandated for the first year.

United Nations Office for Project Services accounts:

8. The Executive Board agreed to the establishment of the United Nations Office for Project Services (UNOPS) as a separate and identifiable entity effective 1 January 1995.

9. Consequently, the financial activities of UNOPS after 31 December 1994 are no longer included in the UNDP financial statements. In order to present the financial activities of UNDP exclusive of UNOPS for the entire biennium, a provisional statement which excluded UNOPS activities from 1 January to 31 December 1994 is presented in note 21.

Combined statement of income and expenditure for the biennium ended 31 December 1995

10. Table 1 presents a combined statement of income and expenditure for the biennium ended 31 December 1995 in respect of the UNDP account, the UNDP-administered trust funds, the management service agreements and the Junior Professional Officers programme. It provides an overall view of the financial activities during the biennium of all funds for which the Administrator is responsible. The balance of each fund as at 31 December 1995 represents the recorded value of the net assets of each fund as at that date, exclusive of fully funded reserves.

11. When the UNDP General Fund and IAPSO are combined, there has been an overall increase in income from $2,879.0 million in the 1992-1993 biennium to $3,259.6 million in the 1994-1995 biennium. Overall expenditure decreased from $2,824.3 million to $2,768.0 million. Net surplus income increased from $54.7 million to $491.6 million.

Table 1. Combined income and expenditure for the biennium ended 31 December 1995

(Millions of United States dollars)

	Adjusted balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995
Source of funds				
UNDP Account				
Voluntary contributions and other income	133.0	1 955.2	1 622.0	466.2
Special Measures Fund for the Least Developed Countries	17.8	-	5.1	12.7
Cost-sharing contributions	204.5	1 197.4	1 024.1	377.8
Cash counterpart contributions	6.5	18.6	14.1	11.0
Extrabudgetary activities	55.3	83.3	98.7	39.9
Sub-total (statement IV)	417.1	3 254.5	2 764.0	907.6
IAPSO (schedule 7)	0.4	5.3	4.0	1.7
Funds and Trust Funds				
United Nations Capital Development Fund (schedule 8)	95.7	81.5	100.0	77.2
United Nations Revolving Fund for Natural Resources Exploration (schedule 8)	2.3	2.8	1.9	3.2
Trust Fund to Combat Desertification and Drought (UNSO) (schedule 8)	34.9	12.6	23.2	24.3
United Nations Volunteers Programme (schedule 8)	16.8	31.6	22.1	26.3
United Nations Fund for Science and Technology for Development (schedule 8)	1.8	0.3	1.0	1.1
United Nations Development Fund for Women (schedule 8)	10.7	34.4	37.3	7.8
UNDP Energy Account (schedule 8)	4.0	3.7	3.0	4.7
Trust funds for the Global Environmental Facility	18.3	131.1	104.2	45.2
"Capacity 21" Trust Funds	19.2	29.8	8.8	40.2
Multilateral Fund for the Implementation of the Montreal Protocol	18.6	91.1	37.5	72.2
Other trust funds administered by UNDP (schedule 8.1)	72.1	239.4	162.5	149.0
	294.4	658.3	501.5	451.2
Management service agreements (schedule 12)	74.0	287.3	307.9	53.4
Junior Professional Officers' programme (schedule 11)	6.1	47.5	46.6	7.0
Total	792.0	4 252.9	3 624.0	1 420.9

UNDP General Fund

12. As shown in the statement of income and expenditure (statement I), total income of the UNDP General Fund for the biennium ended 31 December 1995 was $3,254.4 million, total expenditure was $2,764.0 million, and the surplus of income over expenditure was $490.4 million.

13. Statement IV shows the surplus of income over expenditure of $490.4 million attributable as follows:

(a) a surplus of $333.1 million in respect of UNDP general resources;

(b) a deficit of $5.1 million in respect of the Special Measures Fund for the Least Developed Countries;

(c) a surplus of $173.3 million in respect of cost-sharing contributions;

(d) a surplus of $4.5 million in respect of cash counterpart contributions;

(e) a deficit of $15.4 million in respect of extrabudgetary activities.

14. Statement III presents cash flows; it shows that cash and investments held by UNDP increased from $954.0 million at the beginning of the biennium to $1,577.3 million as at 31 December 1995.

Government contributions

15. Voluntary contributions decreased by $243.2 million to $1,835.5 million compared to $2,078.7 million in the 1992-1993 biennium. Cost-sharing contributions increased significantly, from $669.6 million in the 1992-1993 biennium to $1,197.4 million in the 1994-1995 biennium.

16. The arrears of Government contributions to UNDP amounted to $266.2 million as at 31 December 1995, as shown in note 3 to the financial statements. This represented a net increase of $56.3 million over the position as at 31 December 1993, when those arrears amounted to $209.9 million, and is mainly attributable to the increase in outstanding cost-sharing contributions of $63.5 million and cash-counterpart contributions of $5.8 million, partly offset by a $13.0 million decrease in voluntary contributions.

Extrabudgetary activities

17. As shown in schedule 7, extrabudgetary expenditure in the biennium 1994-1995 amounted to $98.7 million. Income received for those activities totalled $83.3 million, and the unexpended balance as at 31 December 1995 was $39.9 million. During the same period, IAPSO earned $5.3 million extrabudgetary income. Total expenditure amounted to $4.0 million, leaving an unexpended balance of $1.7 million.

Programme expenditure and programme support cost

18. Total programme expenditure for the 1994-1995 biennium was $2,014.1 million, a decrease of $29.7 million compared to $2,043.8 million for the 1992-1993 biennium. Schedule 5 gives details of programme expenditure.

UNDP biennial budget

19. At its third regular session in September 1995, the Executive Board approved total appropriations of $537.7 million to finance programme support and administrative services costs under UNDP and the funds administered by UNDP for the biennium 1994-1995.

20. This represented an increase in appropriations of $2.4 million over the revised biennial budget approved by the Executive Board at its third regular session in June 1994, and a $18.0 million decrease over the original appropriations approved at the fortieth session of the Governing Council, in 1993.

21. Detailed information on the gross expenditure incurred against the revised appropriations for the biennium 1994-1995 is given in schedule 2 in respect of the costs met from the resources of UNDP, UNCDF, UNRFNRE and UNFSTD, UNSO and UNIFEM.

22. An appropriation of $31.1 million was approved for the 1994-1995 biennium by the Executive Board at its third regular session in October 1994 for the then UNDP Office for Project Services, against which $12.6 million of expenditure was incurred for 1994. Expenditures for 1995 against this appropriation are not reflected in the statements as they are disclosed separately in the 1995 financial statements of UNOPS.

23. Table 2 shows, for each appropriation line, the total appropriation, the net actual expenditure for the biennium 1994-1995 and the resulting unencumbered balance.

Property written off, ex gratia payments and write-offs of cash and receivables

24. In accordance with UNDP financial regulation 14.4, UNDP non-expendable property in the amount of $722,614 was written off during the biennium.

25. Ex gratia payments in the amount of $1,464 were made in the biennium 1994-1995 under UNDP financial regulation 14.3.

26. In the biennium 1994-1995, write-offs of cash and accounts receivable amounting to $178,004 were approved under UNDP financial regulation 14.4 and financial rule 114.15. Details of all amounts written off were made available to the Board of Auditors.

Table 2. Budget appropriations and expenditure for the biennium 1994-1995

(Thousands of United States dollars)

	Total appropriations	Expenditure for the biennium	Unencumbered balance
I. RESOURCES OF UNDP			
A. UNDP core activities			
Headquarters	148 568	147 804	764
Country Office	230 306	216 567	13 739
Gross UNDP core activities	378 874	364 371	14 503
Income received	36 700	36 343	357
Net UNDP core activities	342 174	328 028	14 146
B. Programme support and development activities			
Programme development activities	25 981	22 629	3 352
Support to the operational activities of the United Nations	93 157	88 456	4 701
Project/programme implementation services			
Development support services	6 225	6 289	(64)
Inter-Agency Procurement Services Office	6 140	5 138	1 002
United Nations Volunteers programme	33 620	33 612	8
National execution	3 263	2 906	357
Total project/programme implementation services	49 248	47 945	1 303
Programme support	2 300	2 048	252
Total programme support and development activities	170 686	161 078	9 608
Total resources of UNDP	512 860	489 106	23 754
II. RESOURCES OF FUNDS			
United Nations Capital Development Fund	10 652	8 782	1 870
United Nations Revolving Fund for Natural Resources and United Nations Fund for Science and Technology for Development	1 653	1 253	400
United Nations Sudano-Sahelian Office	6 615	5 639	976
United Nations Development Fund for Women	5 913	5 598	315
Total resources of Funds	24 833	21 272	3 561
TOTAL	537 693	510 378	27 315

Trust funds administered by UNDP

27. At the beginning of the biennium, UNDP had, under its administration, 85 trust funds and 71 sub-trust funds. In 1994-1995, 41 new trust funds and 51 sub-trust funds were established by the Administrator, and 7 trust funds and 16 sub-trust funds were closed. As at 31 December 1995, UNDP was administering 119 trust funds and 106 sub-trust funds.

28. Of the 119 trust funds, financial statements for 118 were prepared and are shown in schedules 8 and 8.1. The status of sub-trust funds is shown in schedule 10. Financial statements were not prepared for those trust funds and sub-trust funds which did not have any financial activity during the 1994-1995 biennium. Budget appropriations for the biennium 1994-1995 for the United Nations Capital Development Fund, United Nations Revolving Fund for Natural Resources Exploration, United Nations Fund for Science and Technology for Development, Trust Fund to Combat Desertification and Drought and United Nations Development Fund for Women are shown in schedule 2.

29. The following trust funds were established during the biennium:

UNDP Trust Fund for the Commonwealth of Independent States

UNDP/Netherlands Organization for International Development Cooperation (NOVIB)/Group of Resource Persons for Awareness Creation for Environment and Sustainable Development in Asia

UNDP/Canadian International Development Agency (CIDA) Trust Fund for Non-Formal Education: Youth Centres Programme

UNDP Trust Fund for the Mozambique Mine-clearance Programme

Support to the Joint Group in El Salvador

UNDP Trust Fund for Urgent Human Needs in Uzbekistan

Sweden Trust Fund for Making the Human Development Report and the Human Development Index Gender Sensitive

UNDP/International Centre for Sustainable Cities

UNDP/IDA Trust Fund for the National Environment Support Programme in Mozambique

Trust Fund in Support of the Ministry of Foreign Affairs in Kyrgyzstan

Trust Fund in Support of National Capacity-building in External Aid Resources Management

Trust Fund for the German Edition of the Human Development Report

Trust Fund for Support to a Financial Systems Development Project, Angola Phase II

Trust Fund for the Aral Sea Basin Programme

Trust Fund on the United Nations Consolidated Inter-Agency Appeal for Tajikistan

UNDP/Development Network (DEVNET) Trust Fund for Technological Information Pilot Systems

Sweden Trust Fund for Support to Demining Programmes in Cambodia through the Cambodia Mine Action Centre

UNDP/Sweden Trust Fund for Support to the Science, Technology and Environment Operation in Lao People's Democratic Republic

Sweden Trust Fund for Support to the Cambodia Resettlement and Reintegration Programme

UNDP/Sweden Trust Fund for Support to the Comprehensive Disabled Afghans Programme

UNDP/Sweden Trust Fund for Support to the Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea

UNDP/Switzerland Pooling Agreement for Technical Assistance to the Health Sector

UNDP/Denmark Trust Fund for the Local Initiative Facility for Urban Environment (LIFE) in Urban Areas in Thailand

UNDP/Japan Trust Fund in Support of Reintegration Activities in Haiti

UNDP/Sweden Trust Fund to Support Improved Handling of Property Issues in Nicaragua

UNDP Trust Fund for Rwanda

Europe to Beijing: Gender in Development Trust Fund

Support to the Employment Generation Programme in Gaza

UNDP/Sweden Trust Fund to Support Reconstruction and Reconciliation Activities in Burundi

UNDP/Lao People's Democratic Republic Trust Fund for Clearance of Unexploded Ordnance

UNDP/Sweden Trust Fund for Support to the Rural Rehabilitation Programme in Afghanistan

UNDP Trust Fund to Support the Peace Process in North Mali

UNDP/Sweden Trust Fund for Support to Integrated Crop and Food Production in Afghanistan

UNDP Trust Fund for the Evaluation of UNIFEM

UNDP/Spain Trust Fund for Support for Governance in Central America

UNDP Trust Fund for Sustainable Social Development, Peace and Support to Countries in Special Situations

UNDP Trust Fund for the World Summit on Social Development

UNDP Trust Fund for Angola

Trust Fund with Norway for Support for Governance in Africa

Swedish Trust Fund on Efficiency and Effectiveness-enhancing Measures within UNDP

UNDP Trust Fund for Support to the Resident Coordinator System

30. Of the 41 new trust funds listed, four did not have any financial activity during the biennium. Financial statements were not prepared for those funds.

31. The following trust funds were closed during the biennium:

UNDP Trust Fund for Support to the Programmes of the Ministry of Planning of Costa Rica

UNDP Trust Fund for Social Mobilization for Development

Rehabilitation Assistance to Anhui Province following Flood Disaster

Trust Fund for the Training in the Russian Federation of Specialists from Developing Countries

UNDP Trust Fund for the Inter-Parliamentary Union

Family Health International Trust Fund

UNDP Trust Fund for the Independent International Commission on Health Research for Developing Countries

Of the seven closed trust funds listed, two did not have any financial activities during the biennium. Financial statements were not prepared for those funds.

United Nations Capital Development Fund

32. As shown in schedule 8, the total income of the United Nations Capital Development Fund was $81.5 million and expenditures totalled $100.0 million, resulting in a surplus expenditure of $18.5 million in 1994-1995. Biennial budget expenditure totalled $8.8 million, as shown in schedule 2. The Fund maintains an operational reserve of at least 20 per cent of its project commitments, in accordance with the decision of the Governing Council at its twenty-sixth session, in 1979. As at 31 December 1995, the balance of the operational reserve was $40.2 million. Unexpended resources as at 31 December 1995, exclusive of the operational reserve, totalled $77.2 million.

33. As at 31 December 1995, unspent allocations amounted to $209.5 million, of which $204.3 million represented commitments for project activities funded from the Fund's general resources. This amount exceeded available resources by $130.3 million, reflecting the decision made by the Governing Council, at its twenty-sixth session, to continue the partial funding system and, at its thirty-fourth session, to modify the formula covering the ceiling on commitments. As indicated in note 23 to the financial statements, the partial funding system allows a maximum of $226.3 million outstanding future allocations.

34. The Fund had nine sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

United Nations Revolving Fund for Natural Resources Exploration

35. As shown in schedule 8, the total income of the United Nations Revolving Fund for Natural Resources Exploration was $2.8 million and expenditures totalled $1.9 million, resulting in a surplus income of $0.9 million in 1994-1995. Biennial budget expenditure amounted to $0.9 million, as shown in schedule 2. Unexpended resources as at 31 December 1995 totalled $3.2 million, of which $0.4 million had been committed to project activities.

36. The Fund had two sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

Trust Fund to Combat Desertification and Drought

37. At the fortieth session of the Executive Board, the mandate of the United Nations Trust Fund for Sudano-Sahelian Activities was enlarged beyond the 22 Sahelian countries to extend to all countries affected by drought and desertification. In line with this decision, the Administrator established, in 1995, the Trust Fund to Combat Desertification and Drought. The activities of the two funds were consolidated for the 1994-1995 biennium and are shown in schedule 8 and note 25.

38. As shown in schedule 8, the Fund's total income was $12.6 million and expenditures totalled $23.2 million, resulting in a surplus expenditure of $10.6 million in 1994-1995. Biennial budget expenditure amounted to $5.6 million, as shown in schedule 2. Unexpended resources as at 31 December 1995 totalled $24.3 million, of which $14.9 million had been committed to project activities.

39. The Fund had 12 sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

United Nations Volunteers

40. In 1994-1995, the fund for the United Nations Volunteers Programme earned total income of $31.6 million and incurred expenditures amounting to $22.1 million, as shown in schedule 8, resulting in a surplus income of $9.4 million. Unexpended resources as at 31 December 1995 totalled $26.3 million, of which $12.9 million represented general resources and $13.4 million represented sub-trust funds resources. A total of $4.5 million of the unspent allocations against general resources represented estimated commitments in respect of repatriation travel and resettlement allowances for serving volunteers as at 31 December 1995.

41. The Fund had 62 sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

United Nations Fund for Science and Technology for Development

42. The total income of the United Nations Fund for Science and Technology for Development was $0.3 million and expenditures totalled $0.9 million in 1994-1995, resulting in a surplus expenditure of $0.6 million as shown in schedule 8. Expenditure for the biennium amounted to $0.3 million, as shown in

schedule 2. Unexpended resources totalled $1.1 million as at 31 December 1995, of which $0.7 million had been committed to project activities.

43. The Fund had 9 sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

United Nations Development Fund for Women

44. Schedule 8 shows total income of the United Nations Development Fund for Women of $34.3 million and expenditure totalling $37.3 million in 1994-1995, resulting in a surplus expenditure of $3.0 million. Expenditure for the biennium amounted to $5.6 million, as shown in schedule 2. Unexpended resources as at 31 December 1995, totalled $7.8 million. Unspent allocations amounted to $20.7 million.

45. The requirement for an operational reserve was temporarily suspended by the Executive Board at its annual session in 1995. It requested, however, that to ensure financial transparency, a notional reserve is reported using the sliding percentage. The operational reserve would have been set at $8.5 million, as described in note 28.

46. The Fund had 10 sub-trust funds in 1994-1995. The status of those sub-trust funds is shown in schedule 10.

Global Environment Facility

47. As shown in schedule 8, the total income of the Trust Fund for the Global Environment Facility in 1994-1995 was $131.1 million and expenditure totalled $104.2 million, resulting in a surplus income of $26.9 million. The Trust Fund's unexpended resources as at 31 December 1995 totalled $45.2 million, of which $34.0 million represented general resources. Unspent allocations for projects funded from general resources amounted to $133.8 million. Allocations in excess of resources were issued on the basis of letters of commitments from the World Bank confirming allocations of $344.5 million to UNDP, as discussed in note 30 to the financial statements.

48. The Trust Fund had three sub-trust funds in 1994-1995. Schedule 10 shows the status of those sub-trust funds.

"Capacity 21" Trust Fund

49. As shown in schedule 8, the total income of the "Capacity 21" Trust Fund was $29.8 million during the 1994-1995 biennium and expenditures amounted to $8.8 million. The Fund's unexpended resources amounted to $40.2 million as at 31 December 1995, of which $13.7 million had been committed to project activities.

50. The Trust Fund had one sub-trust fund in 1994-1995. Schedule 10 shows the status of that sub-trust fund.

Multilateral Fund for the Implementation of the Montreal Protocol

51. The Multilateral Fund for the Implementation of the Montreal Protocol was formerly named the Trust Fund for the Interim Multilateral Fund under the Montreal Protocol. The Fund had total income of $91.1 million and expenditure of $37.5 million, as shown in schedule 8, during the biennium. Unexpended

resources as at 31 December 1995 totalled $72.2 million, of which $46.2 million had been committed to project activities.

52. The Trust Fund had one sub-trust fund in 1994-1995. Schedule 10 shows the status of that sub-trust fund.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. The Board of Auditors has audited the financial statements of the United Nations Development Programme (UNDP) for the period 1 January 1994 to 31 December 1995, in accordance with General Assembly resolution 74 (I) of 7 December 1946, and article XVII of the Financial Regulations of UNDP. The audit has been conducted in conformity with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto, and the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. These standards require that the Board plans and performs the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

Audit objectives and approach

2. The Board's audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The examination was based on an assessment of UNDP accounting systems and controls and a test audit in which all areas of the financial statements were subject to direct substantive testing of transactions. The audit also included an assessment of the accounting principles used and significant estimates made by Management, as well as an evaluation of the overall presentation of the financial statements. The audits were conducted at UNDP headquarters in New York and at country offices in Brazil, China, Ethiopia, Lao People's Democratic Republic, Morocco and the United Republic of Tanzania. The Board considers that its approach provides a reasonable basis for its opinion. While the financial statements are the responsibility of UNDP Management, the responsibility of the Board is to express an opinion as to whether, based on its audit, the financial statements present fairly the financial position of UNDP as at 31 December 1995.

3. The Board's examination included a general review and such tests of the accounting records and other supporting evidence as it considered necessary in the circumstances. These audit procedures are designed primarily for the purpose of forming an opinion on the financial statements of UNDP.

4. In addition to its audit of the accounts and financial transactions, the Board carried out reviews under article 12.5 of the United Nations Financial Regulations. The reviews primarily concern the efficiency of the financial procedures, the internal financial controls and, in general, the administration and management of UNDP.

5. In the biennium 1994-1995, the Board examined the following areas:
(a) national execution; (b) budgetary formulation and performance reporting;
(c) management of trust funds and other funds administered by UNDP; and
(d) internal audit.

6. A list of the Board's principal conclusions and recommendations is found in paragraphs 9 to 14. A summary of main findings, arising from the Board's work, is reported in paragraphs 15 to 61. The detailed findings are reported in paragraphs 62 to 240.

Action taken on recommendations in previous reports to the General Assembly

7. As requested by the General Assembly in its resolution 47/211 of 23 December 1992, the Board carried out a review of the measures taken by UNDP in response to the recommendations made by the Board in its audit report for the biennium ended 31 December 1993. Details of the actions taken and the comments of the Board are set out in the annex to the present report.

Overall results

8. Except for the restriction on the scope of the audit described in paragraphs 64 to 68, the Board's examination revealed no weaknesses or errors considered material to the accuracy or completeness of the financial statements as a whole. In accordance with normal procedures, the Board recorded significant findings in management letters to UNDP.

Conclusions and recommendations

Financial matters

9. The Board's financial audit examination identified several matters which it considers should be addressed by UNDP. Specifically, the Board recommends that:

Programme expenditure incurred by Governments and executing agencies

(a) UNDP should supplement its existing approach by ensuring that all projects with significant expenditure are audited independently (see para. 70);

Management of the Reserve for Field Accommodation

(b) UNDP should establish appropriate controls to coordinate and monitor payments made in the field and at headquarters under the same contracts (see para. 85);

(c) UNDP should ascertain whether any payments to contractors, subcontractors or the architect were outside the terms of the contract and, if so, should take appropriate recovery steps (see para. 103).

Management issues

National execution

10. The Board recognizes the need to sustain the impetus towards national execution becoming the norm for the delivery of UNDP projects and programmes. The Board concluded, however, that UNDP should pay more attention to preparing government institutions before introducing or expanding national execution in recipient countries. The Board considers that the successful expansion of national execution has three prerequisites:

(a) UNDP needs to establish standards of the capacities of Governments to manage and deliver national execution projects;

(b) country offices, in association with Governments, need to assess Governments' existing capacities against those standards;

(c) UNDP, in association with Governments, needs to formulate projects designed to deal with any gaps or weaknesses in Governments' capacities to bring them up to the required standards.

11. The Board recommends that:

(a) the objectives of national execution be clearly defined to provide a closer link with UNDP's overall development aims (see para. 120);

(b) UNDP should issue new guidance on national execution which reflects all the relevant legislation and national execution's objectives and which strengthens and delineates UNDP's accountability requirements (see para. 125);

(c) UNDP should re-emphasize the need to assess the Government's capacity to undertake a national execution project (see para. 142);

(d) UNDP should develop capacity assessment guidelines, incorporating standards of Governments' capacity to undertake national execution projects, and provide training to country offices and Governments, to help them carry out strategic capacity assessments (see para. 142);

(e) UNDP should establish an evaluation strategy to provide a comprehensive assessment of the progress and achievements of national execution (see para. 154);

(f) UNDP should initiate thematic evaluations of sustainability, capacity-building and cost-effectiveness, incorporating direct comparisons, where possible, between national execution and other execution approaches (see para. 154);

(g) UNDP should initiate a further review of the utilization and impact of the Technical Support Services (TSS 2) facility (see para. 156);

(h) UNDP should develop, in association with the agencies, the information systems required to collect data for national execution performance indicators (see para. 158).

Budgetary formulation and performance reporting

12. The Board recommends that UNDP:

(a) carry out work measurement exercises of country offices' activities to help strengthen its budgetary formulation process at the local level, provide benchmarking data for country offices and compile standard performance indicators (see para. 168);

(b) develop a means for reporting achievement of the activities provided for in the budget (see para. 172).

Management of trust funds

13. The Board recommends that:

(a) UNDP should ensure that there is a clear and demonstrable analysis of the mandates of the funds and their contribution to all of UNDP's corporate objectives (see para. 178);

(b) the United Nations Development Fund for Women (UNIFEM) and the United Nations Capital Development Fund (UNCDF) should draw up a strategy, setting out their long-term business objectives and approaches for achieving their mandate and objectives (see paras. 183 and 184);

(c) UNDP and UNIFEM should prepare and implement a plan, with a clearly defined timetable, to replace UNIFEM's budget management system with a system which is integrated with UNDP's main financial system (see para. 194);

(d) UNDP should establish a monitoring and evaluation strategy, with clearly defined criteria for selecting programmes for joint monitoring reviews and projects for evaluation (see para. 199).

Internal audit

14. The Board recommends that:

(a) the Division for Audit and Management Review's non-audit function of updating manuals should be transferred to an operational unit (see para. 212);

(b) in drawing up its plans, the Division should assess and record the resource implications and skills needed for the work proposed, taking account of ad hoc demands (see para. 225);

(c) the Division should clearly document the criteria used to select subjects proposed for review; the criteria should include materiality, known and potential risks and the timeliness of the proposed audit (see para. 229);

(d) all audit sections should produce long-term audit plans identifying proposals covering their audit fields and any resulting resource changes needed (see para. 229);

(e) the Division should establish standard documentation clearly setting out the audit procedures undertaken and the findings and conclusions, and it should update its permanent files with basic information on the auditees (see para. 230);

(f) the Division should survey the risks associated with the operation of headquarters computer systems and provide audit coverage as appropriate (see para. 233);

(g) the Division should establish procedures to follow up on actions taken by UNDP and the United Nations Office for Project Services in response to internal audit recommendations to demonstrate the improvements made (see para. 237).

Summary of findings

Financial statements

On accounting and reporting standards

15. UNDP did not provide prior period figures in its financial statements for the first period of reporting in the revised format, as these were difficult to reconstitute in the revised format (see paras. 62 and 63).

On programme expenditure incurred by Governments and executing agencies

16. Out of an expenditure of $1,135 million incurred in 1994-1995 on nationally executed projects, UNDP did not receive independent audit certificates in respect of $366 million (see paras. 64-68).

17. With the rapid growth in national execution projects, UNDP's current strategy for obtaining audit assurance of this expenditure does not provide sufficient accountability (see paras. 69-71).

18. A number of the audit opinions received on national execution projects included scope restrictions relating to expenditures incurred by UNDP on behalf of nationally executed projects. UNDP was initiating a review of the accountability process (see paras. 72 and 73).

On the Reserve for Field Accommodation

19. Total disbursements against the Reserve for Field Accommodation reached $46.8 million ($54.8 million gross) by 31 December 1995, which was $21.8 million ($29.8 million gross) in excess of the authorized level of $25 million (see paras. 74-77).

20. UNDP obtained a detailed analysis of disbursements made against the Reserve. In aggregate, UNDP had paid $39.3 million against fixed price construction contracts valued at $27.9 million. A further $5.6 million remained outstanding in invoices received but not paid. UNDP took action to strengthen the financial and management control of the Reserve (see paras 78-82).

21. Payments made to contractors against the construction projects were certified on the basis of an architect's certificate, without adequate, independent supporting documents. There were significant shortcomings in the exercise of the certifying and approving officers' functions, and the approval of the Contracts Committee was not obtained to sanction increases beyond contract amounts. UNDP has established a working group to address the breakdowns in internal controls (see paras. 83-91).

22. UNDP is examining payments of $11.7 million paid directly to subcontractors to ascertain whether the supplies and works scheduled therein were omitted or excluded from the main contracts and, if not, to ensure that appropriate deductions were made to the amount due to the main contractors (see paras. 93-95).

23. The architect responsible for overseeing seven of the construction projects was hired without proper checks as to his qualifications, experience and capacity to undertake the work (see paras. 96-98).

24. For four of the projects, UNDP paid the architect on the basis of a percentage of the actual construction costs rather than a percentage of the contracted costs as provided in the contract (see paras. 99 and 100).

25. The architect was paid $3.8 million over six years against contracts valued at $1.28 million, representing apparent overpayments of $2.52 million. UNDP has started an in-depth review into the contractual arrangements with the architect and his performance under the contracts (see paras. 100-103).

26. By 31 December 1995, UNDP had received $3.65 million of $12.2 million estimated as due from other United Nations agencies (see para. 104).

On staff separations

27. UNDP had reduced the number of core posts by 259 by the end of 1995 and had projected a further reduction of 344 posts in 1996-1997 (see paras. 107 and 108).

Management issues

National execution

On national execution objectives

28. There was no single, definitive statement of the objectives of national execution (see paras. 118-120).

On support for the development of national execution

29. Existing guidelines on national execution, now up to eight years old, were inadequate for UNDP's current circumstances (see paras. 121-126).

30. The country offices which the Board visited did not have plans to phase out long-term direct support to Governments; this is not consistent with the objective of promoting self-reliance (see paras. 127-131).

On the assessment of national execution capacities

31. There was inconsistency between UNDP guidance and Governing Council decisions on who was responsible for undertaking assessments of Governments' capacities to undertake national execution (see paras. 139 and 140).

32. In its sample examination, the Board found no evidence of assessments of the capacity of national institutions to undertake national execution projects (see paras. 141 and 142).

33. UNDP did not have an adequate system for assessing national capacities (see para. 143).

On monitoring, evaluation and review

34. UNDP needed to establish a training programme to strengthen Governments' monitoring and evaluation skills (see paras. 144-146).

On audit compliance and follow-up

35. In the country offices visited, the independent audits of nationally executed projects did not include management audits. Some of the countries did not have the expertise to undertake management audits (see paras. 147 and 148).

36. There was little evidence that country offices regularly reviewed the scope of the auditors' reports and their findings and conclusions; nor was there evidence that they pursued the auditors' recommendations (see para. 149).

On evaluation strategy, coverage and systems

37. Although national execution within UNDP was 20 years old, UNDP did not have a documented evaluation strategy to assess the progress and achievements of national execution (see paras. 150-154).

On the impact of the new support cost arrangements

38. UNDP plans to examine the impact of the new arrangements on national execution (see paras. 155 and 156).

On performance indicators

39. UNDP had not established the necessary information systems to produce performance indicators to help evaluate national execution (see paras. 157-159).

Budgetary formulation and performance reporting

On budgetary targets and achievements

40. UNDP achieved a reduction of $42 million in setting its 1994-1995 budget for core estimates, exceeding the target set by the Governing Council (see paras. 162-164).

On country office workloads and indicators of performance

41. In achieving budget savings for 1994-1995, UNDP did not undertake any work measurement exercises to ascertain country office workloads (see paras. 165-169).

On monitoring expenditure against budget

42. The Budget Section analysed major variances and took appropriate action to investigate and resolve them (see para. 170).

On performance reporting

43. There was no satisfactory means for UNDP to demonstrate its achievement of budgetary targets and operational objectives (see paras. 171 and 172).

Management of trust funds and other funds administered by UNDP

On fund mandates

44. All six funds examined by the Board had clearly defined mandates. Although these were consistent with the aims, policies and activities of UNDP, there was no analysis of the contribution made by each fund to all four of UNDP's focal areas. The Board noted that UNDP's Division for Sustainable Energy and Environment was developing such an approach (see para. 178).

On strategic plans

45. Three of the funds examined did not have a strategy to direct their activities in support of their mandates and objectives. One other fund needed to enhance and improve the scope and quality of its strategy (see paras. 179-185).

On financial control

46. The main cause of the financial difficulties which the United Nations Development Fund for Women (UNIFEM) had experienced in 1995 was its inadequate management and financial oversight. The Board found, however, that there had also been a lack of oversight on the part of UNDP. UNDP had taken action to strengthen the financial management of the Fund, and the Board noted that financial control had improved significantly by December 1995 (see paras. 186-190).

47. Because of the serious accountability issues which arose from the UNIFEM case and the increasing number and level of resources of funds and trust funds, UNDP has decided to assign to the Division of Finance oversight of the programme finance function of all funds (see paras. 191-193).

On management information systems

48. UNIFEM was considering alternative systems to replace its budget management system, which was not integrated into UNDP's main financial system (see paras. 194 and 195).

49. The United Nations Capital Development Fund and the UNDP Global Environment Facility had established an internal financial reporting mechanism which provided clear interpretation and explanation of the fund's financial situation (see para. 197).

On monitoring, evaluation and review

50. The UNDP Global Environment Facility had put in place procedures to ensure that projects were evaluated upon completion. UNDP is currently developing its monitoring and evaluating approach for its Montreal Protocol projects, and the results of an external evaluation of UNIFEM were expected to be submitted to the Executive Board in September 1996. UNSO has recognized that it needs to develop evaluation mechanisms. The United Nations Volunteers had developed revised reporting formats to make volunteers' reports more useful for monitoring and evaluation purposes, and UNCDF had devoted considerable attention to its monitoring and evaluation programme (see paras. 198-205).

Internal audit

General

51. The Division for Audit and Management Review had initiated a series of discussion papers and activities to improve the quality of its services and practices (see paras. 206 and 207).

On status and independence

52. The Division had sufficient independence, but its impact was affected by slow responses from auditees to its reports. It continued to undertake some non-audit functions in addition to its audit duties (see paras. 208-212).

On resources

53. The Division remained understaffed during the biennium, and 6 (24 per cent) of its 25 Professional posts were vacant. To supplement its resources, the

Division contracted out the audits of country offices in two regions (see paras. 213-215).

On management of the contractors

54. The Division exercised sound oversight over the work of the accounting firms to which it had contracted work (see paras. 216-218).

On audit coverage

55. There were significant shortfalls in the delivery of planned work owing to the need for the Division to react to emerging problems (see paras. 219 and 220).

56. Over the last six years, the Division examined only four funds and trust funds. The Board considers this coverage to be insufficient in comparison with coverage of UNDP's main activities (see paras. 221 and 222).

On audit planning

57. The Division's Internal Audit Section had drawn up a sound annual plan and a long-term (seven-year) plan. The Projects Services Audit Section and the National Execution Audit Section had annual plans only and had not established plans for the longer term. Plans did not set out the criteria used for selecting subjects for audit (see paras. 223-229).

On audit documentation

58. There was no standard form of documentation setting out clearly the procedures followed and the main findings and conclusions, nor were there clear permanent records of basic information on the auditees (see para. 230).

On audit standards and computer audit

59. The Division's audit manual needed updating. To help auditors and contractors undertake country office audits, the Division had developed comprehensive guidance on country office audit procedures. Although the Division's information systems auditor examined systems under development, there was not sufficient coverage of the risks arising from computer operations (see paras. 231-233).

On reporting and follow-up

60. The National Execution Audit Section did not adequately follow up the audit reports received from government auditors on nationally executed projects. In general, the Division carefully reviewed the responses to its own reports, but it only followed up on the actions promised by auditees when carrying out a subsequent audit (see paras. 234-237).

On staff training

61. The Division had a considerable body of experience and relevant qualifications, and staff received additional training to maintain their audit and related skills (see paras. 238 and 239).

Detailed findings

Part I: Financial matters

Accounting and financial reporting standards

62. In 1995 the Administrative Committee on Coordination (ACC) approved common standards for the presentation of the financial statements of the organizations of the United Nations system (ACC/1995/20, annex III). The new standards are mandatory for the 1996-1997 biennium; however, as encouraged by ACC, UNDP has applied the new format to the presentation of its financial statements for 1994-1995.

63. Accounting and financial reporting in accordance with the standards is intended to ensure consistent and transparent disclosure of all the transactions and balances of the organization. The Board has reviewed UNDP's compliance with the standards and is satisfied that UNDP generally applied the standards for the 1994-1995 biennium. In accordance with the standards, for the first period of reporting in the new format, on an exceptional basis, UNDP omitted prior period figures as these were difficult to reconstitute in the revised format. UNDP informed the Board that it would include all prior period figures in its financial statements for 1996-1997.

Programme expenditure incurred by Governments and executing agencies

64. UNDP includes in its financial statements details of programme expenditure incurred on its behalf by executing agencies and Governments. In 1994-1995, UNDP reported that these amounted to $2,014 million, with related agency support costs of $137 million. This information is based on quarterly expenditure statements which the Governments and agencies certify and submit to UNDP to report how they have applied advances received from UNDP. For each nationally executed project, UNDP prepares a combined delivery report showing all expenditure incurred during the calendar year, which it sends to respective Governments for certification by their independent auditors. For projects executed by other United Nations agencies, UNDP requires each one to provide financial statements relating to UNDP expenditure, which are certified by the agencies' own external auditors. The audit certificates provide assurance that the Governments and agencies have properly expended and accurately reported the funds provided by UNDP. The Board does not have access to the expenditure records of Governments or of all executing agencies and consequently it relies on the audit certificates.

Audit certificates from executing agencies

65. The Board has received audit certificates from the executing agencies in respect of these expenditures. The Board noted a small number of minor differences between the expenditures reported in the final audited statements and schedules 5 and 5.1; however these are not significant and do not have an impact on the audit opinion.

Audit certificates from Governments

66. In schedule 5, UNDP reports expenditure of $1,135 million on nationally executed projects, which represents 56 per cent of total programme expenditure for the biennium. UNDP's Division for Audit and Management Review prepares an annual plan setting out on a country basis its requirement for receiving independent audit certificates in respect of nationally executed projects.

67. At mid-June 1996, enough audit certificates had been received to support expenditure of $769 million (68 per cent) of total government execution for the biennium. However, at that date, a number of countries had not met the target for audit coverage for 1995, leaving a significant gap in audit coverage of nationally executed projects. A few countries had also still not submitted audit certificates in respect of 1994 expenditures.

Limitation of the scope of the audit opinion

68. The Board is satisfied that UNDP has included all reported national execution expenditure in its financial statements. However, the Board has insufficient audit assurance for $366 million (32 per cent) of this expenditure and, accordingly, has restricted the scope of its opinion to exclude this expenditure.

National execution audit strategy

69. UNDP's current strategy for the audit of nationally executed projects applies the principle of financial regulation 17.2, which requires each project to be audited at least once in its lifetime. However, table 1 shows that national execution expenditure has grown considerably since then.

Table 1: Growth of national execution expenditure, 1990-1995

(Millions of United States dollars)

Biennium	Total project expenditure	National execution	
			Per cent
1990-1991	2 180	300	14
1992-1993	2 044	639	31
1994-1995	2 014	1 135	56

Source: UNDP financial statements.

70. The significant increase in national execution expenditure in recent bienniums means that UNDP's current strategy for obtaining audit certificates does not provide sufficient audit assurance in respect of expenditure on nationally executed projects. The Board therefore recommends that UNDP should supplement its existing approach by ensuring that all projects with significant expenditure are audited. To achieve this, the Board considers that UNDP would need to analyse national execution projects by number and value and select for audit all high value projects. A management consultant's report of May 1995 showed that such an approach could achieve both significant audit coverage and a reduction in the number of projects to be audited.

71. To allow government auditors more time to conduct their audits, the Board encourages UNDP to make an early start on selecting the national execution projects for audit. In response to the Board's recommendations, the Division for Audit and Management Review agreed to review with the Division of Finance the audit strategy and possible changes required to financial regulation 17.2, concerning the external audit of national execution projects.

Audit of combined delivery reports

72. The combined delivery reports show government, UNDP and cooperating agency expenditures incurred against each nationally executed project. Although UNDP sends these reports to the respective Governments for certification by their independent auditors, the Board noted that many of the auditors restricted the scope of their audit opinion to government disbursements only. They stated they were unable to audit expenditures by UNDP and cooperating agencies as they do not have the necessary documentation.

73. UNDP informed the Board that it shared the Board's concern over the restrictions and was initiating a review of the accountability process by the Division of Finance and the Division for Audit and Management Review to ensure that the auditors have the requisite basis to conduct their audit.

Management of the Reserve for Field Accommodation

Background

74. The Reserve for Field Accommodation was established in 1979 at a maximum level of $25 million to construct housing for United Nations international staff in the field. In 1989 the Governing Council authorized UNDP to expand the scope of the Reserve to include financing for the United Nations System Common Premises, intended to accommodate the office needs of the agencies of the Joint Consultative Group on Policy. UNDP was authorized at that time to overcommit the Reserve by up to $10 million, while ensuring that funds disbursed from the Reserve did not exceed $25 million at any time. This was on the understanding that the agencies would share the costs, based on utilization of space.

75. In its report on the 1992-1993 financial statements, the Board expressed its concern that the authorized level of the Reserve had been exceeded. UNDP advised the Board that it had initiated action to recover from the agencies funds advanced by UNDP for the construction of the common premises. The Board recommended that UNDP present an expenditure plan to the Executive Board which would clearly demonstrate whether the authorized level of the Reserve was sufficient to meet future needs.

76. In November 1994, in a report to the Executive Board (DP/1995/10/Add.1), the Administrator presented a three-year plan for the utilization of the Reserve. The Administrator stated that the utilization and balance of the Reserve would be reduced from $41.5 million at 31 December 1993 to below $10 million for 1996, mainly through disposal of housing properties and agency reimbursements.

77. Despite UNDP's plan to reduce the utilization and balance of the Reserve by 1996, cumulative disbursements charged to it reached $46.8 million by the end of 1995, after deducting the operating surplus earned on rented housing, or $54.8 million gross. This represented over-expenditure of $21.8 million ($29.8 million gross) against the authorized limit of $25 million. Table 2 shows the status of the Reserve from 1990 to 1995.

Table 2: Status of the Reserve for Field Accommodation

(Millions of United States dollars)

	1990	1991	1992	1993	1994	1995
Cumulative disbursements a/	13.5	18.6	28.2	41.3	42.9	46.8
Balance of reserve (over-expenditure)	11.5	6.4	(3.2)	(16.5)	(17.9)	(21.8)

Source: UNDP financial statements, 1990-1995.

a/ The cumulative disbursements for 1994 and 1995 are net of operating surplus earned on rented housing accommodation. The gross figures are $49.9 million and $54.8 million, respectively. Cumulative disbursements for 1995 do not include $5.6 million for invoices received but not paid as at 31 December 1995.

78. In 1995 UNDP hired an international accounting firm to provide a detailed analysis of the cumulative disbursements charged to the Reserve and the related accounting and other records. The consultants identified the costs of each construction project, analysed by payments to contractors, subcontractors and the architect. In addition, they classified expenditures as between maintenance and rehabilitation relating to ongoing housing operations. This provided UNDP with a valuable analysis, which had not previously been available, and a sound basis on which to review and report on the activities of the Reserve.

79. UNDP took a number of actions to strengthen financial and management control of the Reserve. In May 1995 it assigned to the new Deputy Director of the Division for Administrative and Information Services oversight responsibility for the management of the Reserve. In July 1995 UNDP suspended the certifying authority of the Division's Chief of the Field Services and Housing Section, who had previously been responsible for managing the Reserve. UNDP transferred certifying authority for the Reserve to the Director and Deputy Director of the Division for Administrative and Information Services, and in February 1996 UNDP appointed a new Chief of the Field Services and Housing Section. In addition, UNDP has secured independent consultants to determine whether the valuation, at cost, of the buildings constructed is in line with the expenditure incurred. The Board welcomes these actions.

80. UNDP informed the Board that it remained committed to the underlying policy framework of the three-year plan and was studying options for its common premises and housing assets. UNDP planned to present these and any necessary revisions to the plan, including a request to increase the level of the Reserve, to the Executive Board in September 1996.

81. To determine the reasons for the significant overspend against the Reserve limit, the Board examined the management of the construction projects; control of subcontracts; the role of the architect responsible for overseeing projects in 7 of the 10 countries concerned; reimbursements from other United Nations agencies; and the accounting arrangements for the Reserve.

82. UNDP shared the Board's concern about the control and management of the Reserve and cooperated fully with the Board's review. UNDP carried out its own

review of how the over-expenditure arose and made the results of its work, and the findings of the international accounting firm, available to the Board.

Construction projects

83. By 31 December 1995, UNDP had paid a total of $39.3 million against fixed price construction contracts valued at $27.9 million. Additional outstanding liabilities in respect of invoices received but not paid at that date amounted to $5.6 million, following UNDP's decision to review outstanding claims from contractors before making further payments in respect of the construction projects.

84. Table 3 compares the fixed contract prices with actual payments made and unpaid invoices for each construction project. The table shows significant overspends in 8 out of 10 country projects.

Table 3: Comparison of fixed contract sums with actual construction costs as at 31 December 1995

(Millions of United States dollars)

Country	Fixed contract price	Payments	Unpaid invoices	Total cost a/	Overspend	Overspend per cent
Cape Verde	5.0	6.4	0.6	7.0	2.0	40
Comoros	2.6	3.8	0.1	3.9	1.3	50
Ghana	0.7	2.1	-	2.1	1.4	200
Guinea-Bissau	6.3	8.2	3.3	11.5	5.2	83
Maldives	1.8	1.9	-	1.9	0.1	6
Mozambique	1.9	2.2	-	2.2	0.3	16
Sao Tome	4.4	5.0	1.0	6.0	1.6	36
Uganda	1.6	2.7	-	2.7	1.1	69
Viet Nam	1.7	1.9	0.5	2.4	0.7	41
Zambia	1.9	5.1	0.1	5.2	3.3	174
Total	27.9	39.3	5.6	44.9	17.0	61

Source: Analysis prepared by UNDP consultant, 23 January 1996.

a/ Total cost comprises all construction fees, excluding architect fees, which are covered by separate contract arrangements.

85. UNDP recognizes that there were significant weaknesses in the functions of the certifying and approving officers, which enabled payments to be made in excess of contract amounts. Both the Division for Administrative and Information Services certifying officer and the Division of Finance approving officer should have ensured that payments did not exceed contract amounts; and payments were made by country offices to contractors on the direct instructions from the certifying officer without any approving officer function. The Board considers that there were inherent risks certifying and approving payments in the field and at headquarters under the same contract and that appropriate controls should have been established to coordinate and monitor all payments under those contracts. UNDP is examining the certifying and approving officer functions to ensure that any such gaps in control are closed.

86. The authority for certifying such large payments within UNDP rested with one individual, the then Chief of the Field Services and Housing Section of the Division for Administrative and Information Services, who certified payments for the construction projects on the sole basis of a certificate, signed by the

architect overseeing the construction projects, to confirm that the work had been done.

Approval of payments

87. UNDP recognizes that there were significant shortcomings in the adequacy of documentation supporting payments made in respect of the construction contracts. Financial rule 114.5 states that an approving officer shall ensure that a payment "is supported by documents which indicate that the goods and services for which payment is claimed have been rendered in accordance with the terms of the contract". UNDP told the Board that in the past it had considered the architect's certificates sufficient to support payment. The Division of Finance approving officer did not seek any other confirmation that payments were in accordance with contract terms. As UNDP remunerated the architect on the basis of a percentage of actual cost, the Board considers that this prejudiced the architect's independence and that his certificates alone were not sufficient to support claims for payment. The Board considers that UNDP should only have approved payments to the contractors on the basis of further supporting documentation such as suppliers invoices or independent confirmation, for example, through a quantity surveyor.

88. UNDP's financial rule 114.3 states that "no contract, agreement or undertaking of any nature ... shall be entered into until all funds have been reserved in the accounts". For contracts, purchase orders and other agreements, such procedure should also ensure that payments are made in accordance with the agreed rates and contract terms, since each payment should be related to the obligated amount in the financial records. The Board noted that none of the construction costs were subject to these controls because UNDP did not create any obligations or commitments against which expenditures from the Reserve could be controlled. UNDP recognizes that this was a significant weakness, and proper controls are now in place on all such expenditures, regardless of whether they arise against a reserve.

89. Despite sizeable increases in expenditures, none of the contracts were resubmitted to the Contracts Committee for approval. Financial rule 114.21 (a) (iii) states that a submission to the Contracts Committee must be made for "any contract amendment, or series of amendments, which in aggregate either has a value of $100,000 or more, or which would increase the amount of the contract as previously recommended by the Committee by more than 20 per cent, whichever is the less". Table 3 shows that actual construction costs exceeded the contract sums by more than $100,000 for all the construction projects.

90. UNDP recognizes that there were systematic problems with accounting, financial and procedural controls for activities under the Reserve, and it assures the Board that it is taking steps to ensure that in the future all activities under the Reserve fully comply with the financial regulations and rules. UNDP informed the Board that it has established a working group to address the question of the breakdowns which occurred in internal controls, including monitoring and oversight. Furthermore, for those contracts with outstanding amounts payable to contractors, UNDP has submitted details to the Contracts Committee for ex post facto review.

91. While the Board has serious concerns about the breakdown in financial control over the Reserve for Field Accommodation, and the excess payments incurred as a consequence, the Board took note of the remedial actions UNDP has taken to prevent recurrence of such problems. The Board further took note of

the management changes UNDP has introduced in the Division for Administrative and Information Services to strengthen financial control and the Reserve; and the Board also endorses UNDP's decision to initiate an internal audit examination of the management of the Reserve, including the contractual arrangements entered into.

92. The Board recalls the concerns it expressed in its report for the 1992-1993 biennium regarding personal responsibility and financial liability. In this connection, the Board noted that the Administrator had established a separate management oversight committee to review the accountability aspects of the management of the Reserve for Field Accommodation.

Control of subcontracts

93. UNDP's consultants report shows subcontractor costs amounting to $11.7 million, which included 26 payments, totalling $9.6 million, which were in excess of the Contracts Committee's limit of $100,000. Two subcontractors received payments in excess of $1 million for work in Sao Tome and Zambia without Contracts Committee approval.

94. The Board noted that the architect had undertaken subcontracting arrangements in seven countries, even though the main contractors were contractually responsible for subcontracting and only then with UNDP's prior written approval. No such responsibility was accorded the architect in the terms of reference of his contracts. Nonetheless, he determined which elements of the construction projects should be subcontracted, handled all tendering procedures and selection of subcontractors, established contracts with them and provided certificates to support UNDP's payments to them. UNDP was unable to provide the Board with details of how the architect selected subcontractors or what contract terms he agreed to and whether these were in accordance with UNDP's financial rules and regulations.

95. The construction contract terms provided that the fixed sum agreed with the main contractors was for all work, including any necessary subcontracting. UNDP is examining the subcontracts to determine whether the supplies and works scheduled in them were omitted or excluded from the main contracts and, if not, to ensure that appropriate deductions were made to the amounts due to the main contractors.

Role of the architect

96. In 1989 UNDP initiated the process of selecting an architect to oversee construction projects in Cape Verde, Guinea-Bissau, Sao Tome and Mozambique. UNDP engaged an independent architect to review the bids received, and his recommended choice was sanctioned by the Contracts Committee.

97. UNDP accordingly issued a contract to the architect selected. Under the terms of his contract he was required to prepare designs, cost estimates and work schedules, advise UNDP on selection of the main contractors, supervise construction, certify payments claimed by the main contractors and submit progress reports to UNDP.

98. The Board found no evidence that UNDP had satisfied itself as to the architect's qualifications, experience and capacity to take on these several construction projects; nor had UNDP reviewed the financial performance and viability of the architect's company. The Board considers that such checks were necessary in view of the heavy reliance to be placed upon this one individual.

UNDP agreed that it should have undertaken such checks; it assured the Board that current guidance includes information on those elements.

99. The architect's contract for construction projects in four countries - Cape Verde, Guinea-Bissau, Sao Tome and Mozambique - included payment terms based on 15 per cent of estimated construction costs, equivalent to $834,783. UNDP awarded the architect three further contracts, for construction projects in Comoros, Somalia and Zambia, for fixed fees of $165,000, $140,000 and $145,000, respectively.

100. For the four country projects on which the architect's fee was based on a percentage of construction costs, UNDP paid the architect on the basis of actual construction costs rather than the costs as provided in the contract. The Board considers that this contributed to overpayment to the architect and also presented a conflict of interest: the higher the construction costs, the greater the benefit to the architect. There was therefore no incentive for the architect to exercise effective cost control. In addition, the Board noted that UNDP paid the architect $411,249 for the Comoros contract, $387,915 for the Somalia contract and $172,869 for the Zambia contract instead of the fixed fees agreed on, representing apparent overpayments of $246,249, $247,915 and $27,869, respectively.

101. Over a period of some six years, total known payments to the architect, excluding out-of-pocket expenses, amounted to some $3.8 million for services in seven countries. As the four contract amounts totalled $1.28 million, this represented an apparent overpayment of $2.52 million.

102. UNDP informed the Board that it had reviewed the role played by the architect. In February 1996, it engaged another architect to provide an independent assessment of the construction works. UNDP was scheduled to present the results of this assessment to the Executive Board in September 1996. In addition, UNDP started an in-depth review of the contractual arrangement with the architect and his performance under the contracts.

103. The Board took note of these initiatives and recommends that UNDP determine whether any payments to contractors, subcontractors or the architect were outside the terms of the contract and, if so, take appropriate recovery steps.

Reimbursements from other United Nations agencies

104. As at 31 December 1995, UNDP had received only $3.65 million of $12.2 million estimated by UNDP as due from participating agencies in settlement of their share of expenses for construction projects of the United Nations System Common Premises. In June 1995 UNDP requested further payments totalling $5.2 million from the agencies. By 31 May 1996, however, the agencies had made no additional payments. UNDP informed the Board that all agencies were committed to sharing the costs of the common premises construction and had established capital funds for premises. However, the Board noted that as at 31 May 1996 UNDP had not obtained formal funding agreements with any of the participating agencies.

Accounting for the Reserve

105. UNDP informed the Board that it is currently examining options for improving the accounting treatment of the activities of the Reserve. For example, UNDP is considering the possibility of amortizing the assets under the

Reserve through payments by UNDP from budgeted resources. UNDP was scheduled to present its proposals to the Executive Board in September 1996.

106. The Board notes that, during the 1994-1995 biennium, the Reserve earned a surplus of $3.4 million on housing operations. UNDP informed the Board that the surplus may be applied to amortize rehabilitation costs, which amounted to $5.2 million as at 31 December 1995.

Staff separations

107. In his 1995 annual report, the Administrator told the Executive Board that, in real terms, the total reduction in core administrative costs from 1992 to 1997 would amount to $106 million. UNDP estimated that approximately $88 million of the savings would be secured from real staff costs, achieved through the reduction of core staff positions. This saving takes account of the costs of staff separations.

108. In order to meet the reduced staffing requirements, UNDP initiated in 1993 a series of separations of headquarters and country office Professional and General Service staff. The cost of the separation arrangement amounts to $43.6 million, comprising separation indemnities ($35.2 million) and costs arising from the transition to the reduced staff numbers ($8.4 million). From its review, the Board of Auditors concluded that UNDP had succeeded in reducing the number of core posts by a total of 259 at the end of December 1995 and had projected a further reduction of 344 posts in 1996-1997. The actual and projected reductions comprised 227 posts at headquarters (158 Professional and 69 General Service) and 376 at country offices.

Write-off of losses of cash, receivables and property, ex gratia payments

109. UNDP wrote off non-expendable property totalling $722,614 during the biennium. The Board was also given details of an ex gratia payment of $1,464 and write-offs of cash and receivables amounting to $178,004. The Board is satisfied with the information and explanations provided in respect of these cases.

Part II: Management issues

National execution

Introduction

110. National execution involves Governments assuming responsibility for the formulation and management of UNDP projects and programmes, and accountability for the effective use of UNDP monies. As part of national execution projects, support may be provided by UNDP headquarters and country offices and by United Nations specialized agencies to build and strengthen national capacities for the planning, implementation and execution of development projects and programmes.

111. Since the Governing Council's decision 76/57 of 2 July 1976, which introduced national execution to UNDP, Governments in developing countries have been increasingly given responsibility for executing UNDP projects and programmes. Over most of this period, national execution has been introduced gradually, in accordance with the Governing Council's original decision that UNDP proceed with national execution on a carefully selected basis. In recent

years, however, the Executive Board has actively encouraged the growth of national execution and has urged UNDP to remove obstacles to its further expansion.

112. Table 4 shows the increase in national execution expenditure from 1988 to 1995. The growth has been most significant in recent years following General Assembly resolution 47/199 of 22 December 1992, which stated that national execution should be the norm for United Nations-assisted projects.

Table 4. Growth of national execution expenditure, 1988-1995

(Millions of United States dollars)

Biennium	Total project expenditure	National execution expenditure	Percentage of total project expenditure
1988-1989	1 731	195	11
1990-1991	2 180	300	14
1992-1993	2 044	639	31
1994-1995	2 014	1 135	56

113. Within this overall expansion, national execution has developed at different rates in different countries according to their specific needs and capabilities. In his report of 13 May 1991 to the Governing Council (DP/1991/23), the Administrator highlighted several unintended consequences of national execution:

(a) There had been a significant increase in the workload of country offices as they had been asked to assist Governments whose administrative procedures and regulations were not suited to dealing with technical cooperation projects;

(b) Financial reporting by Governments had been poor, leading to concern over accountability. UNDP requirements had not been well understood by Governments, and changes in UNDP financial procedures had brought limited improvements;

(c) The Board of Auditors had qualified UNDP's financial statements because of poor performance in financial reporting and auditing of nationally executed projects;

(d) There had been limited involvement of United Nations specialized agencies in nationally executed projects, leading to the loss of the technical expertise and support skills of the agencies.

114. The Executive Board had therefore asked UNDP to provide more effective country-level support to Governments adopting national execution, to simplify national execution procedures and to ensure that Governments continued to have access to the expertise of the United Nations specialized agencies in the programming, implementation, monitoring and evaluation of projects and programmes.

115. In its report on UNDP's financial statements for the 1992-1993 biennium, the Board of Auditors identified significant deficiencies in the management of UNDP projects and programmes. In particular, for a number of national execution projects, the Board highlighted government failure to comply with UNDP reporting requirements and procedures, and delays in appointing government counterpart staff.

Scope of examination

116. Against this background, the Board examined: (a) whether the objectives of national execution were clearly defined; (b) how UNDP supported the development of national execution; (c) the management of national execution projects at a selection of country offices; and (d) how UNDP evaluated the achievements of national execution.

117. As part of its review, the Board visited UNDP country offices in Brazil, China, Ethiopia, the Lao People's Democratic Republic, Morocco and the United Republic of Tanzania to review the management and progress of 24 national execution projects. The Board also met with government counterparts and the appointed auditors for the projects and visited the project sites to ascertain the projects' progress.

National execution objectives

118. In his report of 4 March 1988 to the Governing Council (DP/1988/19/Add.2), the Administrator proposed that national execution had two interrelated objectives: (a) the enhancement of the capability of a Government to plan and manage technical assistance and to integrate it into its own development programmes; and (b) the cost-effective attainment of project-specific technical assistance goals.

119. In a subsequent report of 13 May 1991 (DP/1991/23), the Administrator stated that General Assembly and Governing Council resolutions and decisions revealed two principal aims in promoting national execution: (a) to ensure that recipient Governments had sole responsibility for the coordination of external assistance and the principal responsibility for its design; and (b) to make full use of, and strengthen, national capacities in order to promote self-reliance and sustainability.

120. None of these objectives have been officially sanctioned by the Governing Council or the Executive Board. There is therefore no single, definitive statement of the objectives of national execution. Moreover, three of the objectives focus on intermediate outputs rather than on the desired final impacts of national execution. The Board considers that a clear definition of the objectives of national execution is now essential. It therefore recommends that the objectives of national execution be clearly defined to provide a closer link with UNDP's overall development aims. UNDP told the Board that it concurred with the need to establish clearly defined objectives for national execution and that it was preparing a policy document, for submission to the Executive Committee, which would address this issue as well as define a clearer strategy for the further expansion of national execution.

Support for the development of national execution

121. The Governing Council has recognized that national execution does not necessarily imply that a Government has the capacity to execute all aspects of a project. Country offices are therefore expected to provide support to

Governments to enhance their ability to assume the additional responsibilities arising from national execution. Such support can include training government staff, funding the development of management information systems and providing guidance and advice to improve government understanding of international procurement standards and UNDP financial accountability requirements.

122. In response to the Board of Auditors' observations on the management of national execution projects and programmes in 1992-1993, UNDP acknowledged that the failure of Governments to comply with substantive and financial reporting on projects had been one of the difficulties encountered in promoting national execution. UNDP pointed out that it was preparing new guidance on national execution, emphasizing the need for government compliance with UNDP regulations and rules, and it would introduce a new role for country offices to support national execution.

123. UNDP has not yet, however, issued any new guidance on national execution. Although UNDP drew up revised guidance for inclusion in the UNDP Programme and Projects Manual in July 1994, the guidance has not yet been finalized.

124. Existing guidance is contained in the Programme and Projects Manual issued in February 1988, May 1991 and March 1992 and in guidelines issued in October 1992. Since then there have been significant legislative developments which affect national execution, including General Assembly resolution 47/199, which confirmed that national execution should be the norm for programmes and projects supported by the United Nations system. The Board considers that these developments, together with the continued expansion of national execution, have rendered the existing guidelines inadequate. In particular, the Board is concerned that there is a conflict between UNDP guidance and some of the relevant legislation.

125. The Board therefore recommends that UNDP complete and issue the new guidance on national execution to ensure that it:

(a) Properly reflects all of the relevant General Assembly, Governing Council and Executive Board legislation;

(b) Clearly defines the objectives of national execution;

(c) Strengthens UNDP's accountability requirements;

(d) Clearly delineates the responsibilities of resident representatives, Governments and specialized agencies.

126. UNDP told the Board that it was revising the Programme and Projects Manual and that this should simplify procedures, reconcile conflicting instructions and eliminate ambiguities concerning national execution. UNDP expected to issue the revised manual by December 1996.

Country office role in supporting national execution

127. In December 1993, the Administrator issued revised instructions to UNDP country offices on the level of support which could be provided to nationally executed projects. Under these instructions, country offices may procure goods and services and contract with consultants and short-term experts, to provide necessary project inputs directly to Governments. Resident representatives are financially accountable up to the point of formal delivery of the inputs to the Governments, while the Governments continue to be fully accountable for the

utilization of these inputs, for the overall management of the projects and for the achievement of project objectives.

128. A report by the Secretary-General to the General Assembly in September 1995 (A/50/202) noted that UNDP country office support to national execution had been extended in 80 countries. All six of the country offices which the Board visited made considerable direct payments on behalf of nationally executed projects, often through a designated national execution support unit. Services included the procurement of equipment, the provision of fellowships and training courses, and the selection and appointment of consultants.

129. The Board recognizes that these arrangements were intended to help developing countries overcome the logistical and management problems associated with the procurement of goods and services and that they were introduced in response to General Assembly requests that more effective country-level support be given to national execution. Notwithstanding, the Board considers that long-term direct support is not consistent with the objective of promoting self-reliance.

130. The Board expected country offices to have developed plans for phasing out these types of services. The country offices which the Board visited did not have such plans. An evaluation of national execution in 1995, commissioned by UNDP's Office of Evaluation and Strategic Planning, confirmed that, once established, these types of services were difficult to dismantle and that country offices could become overwhelmed by the volume of work associated with the expansion of national execution. Moreover, Internal Audit has highlighted inadequate resources at country offices to provide the required services. There is therefore a risk that country offices could become a bottleneck in the delivery of inputs for nationally executed projects.

131. UNDP pointed out that it encouraged Governments to handle, as far as possible, all aspects associated with the execution of projects, including procurement, but that imposing this upon all Governments would not necessarily contribute to greater efficiency, cost-effectiveness and accountability. The Board acknowledges this but considers that UNDP should plan for the move towards full national execution. The Board therefore recommends that, where country offices provide direct procurement support to national execution, they should draw up a procurement development plan, in agreement with the respective Governments, to facilitate the transfer of procurement responsibilities from country offices to Governments. UNDP has accepted this recommendation and will incorporate the necessary procedures in its revised Programme and Projects Manual. Moreover, UNDP has initiated, with the assistance of the Inter-Agency Procurement Service Office, a series of regional procurement workshops to strengthen the capacity of country offices and Governments in procurement activities.

Headquarters support for national execution

132. The growth of national execution has also placed additional demands on UNDP headquarters. In 1992-1993 the Governing Council appropriated $2.7 million to provide audit and financial accounting support to national execution from UNDP headquarters. This was increased to $3.2 million in 1994-1995 and $3.8 million for 1996-1997.

133. From their visits to 20 countries in 1994-1995, Internal Audit found a lack of familiarity with UNDP requirements, poor audit compliance and follow-up,

heavy reliance by Governments on country office support, inadequate information to monitor expenditure and inadequate resources to support national execution.

134. The Board regards Internal Audit's role as a valuable means of strengthening national execution and welcomes its programme of visits.

Technical support for national execution

135. UNDP has recognized that a major challenge presented by national execution involves preserving the quality of UNDP projects and programmes, particularly through the effective use of United Nations specialized agencies. In his report of 13 May 1991 to the Governing Council (DP/1991/23), the Administrator noted that agencies had been used only to a very limited extent in national execution and that the lack of a suitable formula for the reimbursement of support costs to agencies may have contributed to this. He recognized that, in supporting national execution, United Nations specialized agencies should be encouraged to focus on providing technical assistance rather than administrative support.

136. In January 1992, UNDP introduced new arrangements for agency support costs which offered a specific facility - Technical Support Services at the project level (TSS 2). This was intended to provide technical support from five specialized agencies to UNDP-financed projects, with particular emphasis on national execution, and to assist with the identification, formulation, monitoring and evaluation of projects.

137. The Office of Evaluation and Strategic Planning's evaluation in 1995 of national execution concluded that, overall, the participation of specialized agencies in nationally executed projects had not been optimal because the new support cost arrangements had not worked well. Many countries were overestimating the skills of their national experts, thereby saving money but reducing productivity and diminishing the access of experts to international scientific developments.

138. The Board noted that, four years after the introduction of the new arrangements, UNDP was unable to demonstrate that the new facility had increased the participation of agencies in nationally executed projects. UNDP informed the Board that new instructions would include a mandatory requirement for each national execution project to contain budgetary provisions for technical backstopping or participation by a specialized agency in the review of the project during its implementation.

Assessment of national execution capacities

139. The Programme and Projects Manual requires the resident representative to review capacities with the Government and to consult with the competent specialized agency. Governing Council decision 91/27, however, recognizes the responsibility of the recipient Governments, in agreement with the Administrator, to determine the execution approach for a particular project. The apparent transfer of primary responsibility for these assessments from UNDP to the Governments was further indicated in Governing Council decision 93/25, which called upon recipient countries to assess national capacities with the assistance of UNDP, as requested by the countries concerned, before approval of national execution projects and programmes.

140. The Board therefore recommends that UNDP specify, in the revised Programme and Projects Manual, who is responsible for assessing national capacities.

141. UNDP guidance issued in October 1992 requires that when designating the executing agent for a project, consideration should be given first to the Government and should take into account its capacity, capability and commitment to undertake the project.

142. In November 1993, UNDP provided country offices with a questionnaire to help them assess government management capacities. In its visits to six country offices, however, the Board found no evidence of assessments of the capacity of national institutions to undertake the 24 national execution projects which the Board examined. The Board therefore recommends that UNDP re-emphasize, in the revised Programme and Projects Manual, the need to assess the government capacity to undertake a national execution project. The Board also recommends that UNDP develop capacity assessment guidelines, incorporating standards of government capacity to undertake national execution projects, and provide training to country offices and Governments to help them carry out assessments of strategic capacity.

143. UNDP pointed out that a framework for assessment of national execution capacity was developed as part of the programme support document issued in November 1993. UNDP agreed, however, that national capacity assessments needed to be strengthened in terms of their scope, frequency and quality and that roles and responsibilities needed to be clarified. UNDP told the Board that it would set standards for capacity assessment as part of its policy document on national execution and would issue better-defined capacity assessment guidelines as part of its revised Programme and Projects Manual. UNDP also told the Board that a low capacity assessment was not regarded as a reason for not undertaking a project but, on the contrary, as one of the objectives of support. The revised guidelines would reflect this more clearly.

Monitoring, evaluation and review

144. By the end of 1994, UNDP had published 17 country reports highlighting strengths and weaknesses and making recommendations for improvements. UNDP had also published, in 1994, a report on generic issues concerned with monitoring and evaluation. The Administrator acknowledged, however, that changes were needed in the focus, structure and timeliness of the reports to make them more effective instruments for building and strengthening the capacities of Governments for monitoring and evaluation.

145. The Board recommends that UNDP establish a skills-training programme to strengthen government monitoring and evaluation skills. UNDP accepted this recommendation and told the Board that, in 1996, it had organized three regional workshops on monitoring and evaluation and had planned a fourth. UNDP was also developing arrangements with the World Bank to train senior officials of programme countries in monitoring and evaluation.

146. The Board noted that the United Nations specialized agencies had been involved in the evaluation of only 2 of the 24 projects examined. The Office of Evaluation and Strategic Planning's 1995 evaluation report pointed out that although, in most countries, agencies still provided significant technical assistance and participated effectively in evaluations, in some countries their ability to monitor and evaluate the progress and achievements of nationally executed projects had been compromised by the marginal role which they had played in project formulation. UNDP pointed out that the new successor programming arrangements would allow smaller technical agencies to participate in evaluations.

Audit compliance and follow-up

147. During its visits to country offices, the Board examined the extent to which Governments undertook management audits of nationally executed projects and the adequacy of follow-up action by UNDP country offices. The Board found that many audits did not satisfy UNDP's requirement that they should examine the adequacy of project management, monitoring, evaluation and reporting. A May 1995 report on audit compliance, commissioned by UNDP from a firm of management consultants, confirmed those findings.

148. The Division for Audit and Management Review regularly reminds country offices of the full extent of UNDP's audit requirements. Some of the countries which the Board visited, however, did not have the expertise to undertake management audits; for example, some did not have a State audit institution. In these cases, Governments appointed private sector accounting firms to audit national execution projects, but in the countries visited, such firms often did not have experience of management audit.

149. During its visits to country offices, the Board found little evidence that country offices regularly reviewed the scope of the auditors' reports or their findings and conclusions. Nor was there evidence that country offices followed up the implementation of the auditors' recommendations. The Board is concerned that these shortcomings impair accountability in respect of nationally executed projects. The Board therefore recommends that UNDP should review the terms of reference set for the appointed auditors to help them undertake management audits of nationally executed projects and provide additional management audit training for the auditors. UNDP told the Board that it will review the terms of reference and the management audit training.

Evaluation of national execution

Evaluation strategy, coverage and systems

150. Although national execution within UNDP is 20 years old, UNDP does not yet have a documented evaluation strategy to assess comprehensively the progress and achievements of national execution. UNDP told the Board that its approach consisted of a combination of internal reviews and external evaluations to identify experiences and highlight new issues for subsequent evaluations.

151. An internal review of national execution, completed in September 1991, noted that assessment of the achievements of projects against their stated development objectives was limited, partly because of the absence of baseline data and benchmarks. In particular, it pointed out that the measurement of the contributions of projects towards national capacity-building was limited and that the evaluation reports offered limited information on sustainability.

152. An evaluation of national execution by the Office of Evaluation and Strategic Planning in 1995 concluded that there appeared to be no evidence to show whether nationally executed projects were more sustainable than projects managed under other execution approaches. The report recommended that the sustainability of national execution projects should be examined in greater depth. The review also found no evidence to show whether nationally executed projects were more successful in building capacity than agency-executed projects. The report recommended that a series of case studies should be undertaken to assess the cost-effectiveness of national execution.

153. UNDP told the Board that the 1995 evaluation report was unable to provide final answers to certain issues that required further investigation based on new and challenging concepts, in particular with regard to cost-effectiveness, sustainability and comparisons between national execution and other execution approaches. The Board considers that such concepts should be fundamental considerations for choosing to introduce and expand national execution and should form the basis of an evaluation strategy.

154. The Board therefore recommends that UNDP establish an evaluation strategy to provide a comprehensive assessment of the progress and achievements of national execution and should initiate thematic evaluations of sustainability, capacity-building and cost-effectiveness, incorporating direct comparisons, where possible, between national execution and other execution approaches. The Board was pleased to note that UNDP's 1997 evaluation work plan includes studies on cost-effectiveness, sustainability and self-reliance.

Impact of the new support-cost arrangements

155. Governing Council decision 92/22 agreed that an external, independent evaluation of the new agency support-cost arrangements should be undertaken in 1994. This evaluation was expected to include a review of the extent to which the new arrangements constituted an incentive to national execution and enabled Governments to obtain enhanced and improved technical support from the United Nations specialized agencies, especially for nationally executed projects.

156. The Board noted that, although the evaluation was carried out as planned, its findings were of limited value, since there was insufficient experience of the new support-cost facilities at the time of the evaluation. The Board considers that the impact of the new arrangements on national execution, particularly the utilization of the Technical Support Services (TSS 2) facility, remains an important issue to be examined. The Board therefore recommends that UNDP initiate a further review of the utilization and impact of the TSS 2 facility. UNDP told the Board that the possibility of improving the TSS 2 facility would be studied as part of a review of recent experiences of the support-cost arrangements.

Performance indicators

157. The Administrator set out detailed performance indicators for the new support-cost arrangements in his report of 15 May 1993 to the Governing Council (DP/1993/22). The Administrator stated that the existing information systems would need to be enhanced to record and process the new types of data required by the indicators, but expected that UNDP would be able to report on them in 1994 and future years.

158. Some three years after the Governing Council's decision to develop performance indicators, UNDP informed the Board that it had made little progress in establishing the necessary systems to provide the required data. The Board therefore recommends that UNDP develop, in association with the agencies, the information systems required to collect the data for the performance indicators.

159. UNDP told the Board that it was giving priority to accelerating the development of appropriate systems for the performance indicators and had engaged a consultant to develop such indicators. UNDP plans to integrate performance indicators for support-cost arrangements and national execution with other performance benchmarks for UNDP's development programmes.

Budgetary formulation and performance reporting

Introduction

160. General Assembly resolution 48/228 of 23 December 1993 requested the Board of Auditors to review the development of assumptions used in the presentation of the programme budget and performance reports with a view to suggesting improvements. The Board extended its study to cover review of the budgetary process in other organizations within its purview.

Scope of examination

161. The principal objectives of the Board's review were to provide assurance that the assumptions used in the formulation of the programme budget for the 1994-1995 biennium were based on sound financial and economic principles and, where appropriate, to suggest improvements in budgetary techniques, monitoring and performance reporting.

Budgetary targets and achievements

162. One of the key principles underpinning the formulation of the initial budget for 1994-1995 was the minimization of administrative costs and the maximization of resources allocated to development activities in the field. UNDP's Governing Council set a target of $30-$40 million in budgetary reduction. The Administration set itself the aim of reducing administrative costs by $50 million, which was broadly proportional to the reduction in the level of indicative planning figure resources available for UNDP projects.

163. Country offices were asked to seek out efficiency savings through, for example, the substitution of international staff with local national officers, an increase in the proportion of staff financed from extrabudgetary resources and the rationalization of General Service functions. The overriding principle was that any efficiency savings should not adversely affect the offices' substantive capacity.

164. The Board noted that UNDP achieved a reduction of some $42 million in its budget for core activities, consisting of headquarters savings of $11 million and country office savings of $31 million.

Country office workloads and indicators of efficiency

165. Out of the gross 1994-1995 budget of $486 million for core activities, 70 per cent ($337 million) was allocated to country offices. In terms of staffing levels, budgetary reductions at headquarters were much greater than those in the field. In absolute dollar terms, most of the budgetary savings were borne by the field (74 per cent in respect of 1994-1995 and 71 per cent in respect of 1996-1997).

166. UNDP's review of how costs could be reduced was undertaken with the full participation of regional bureaux and country offices. As part of the review, UNDP carried out a survey to provide an indication of how country office staff divided their time between UNDP and non-UNDP matters. This allowed UNDP to establish a new appropriation line in the 1994-1995 budget estimates, which separated country offices' support to the operational activities of the United Nations from UNDP's core activities.

167. UNDP did not, however, undertake work measurement exercises to ascertain country office workloads and the level of staff resources required to undertake their activities. Moreover, although UNDP prepared some financial indicators to compare and contrast administrative costs between regional bureaux in broad terms, it did not compile benchmarks or performance indicators for individual country offices.

168. The Board therefore recommends that UNDP carry out work measurement exercises of country offices' activities. These would help to strengthen UNDP's budgetary formulation process at the local level, provide benchmarking data and help compile standard performance indicators.

169. UNDP acknowledges the importance of independent work measurement exercises for country offices. It told the Board that one of the projects it was pursuing as part of its management of change initiative concerned the "country office of the future", through which it would review office structures and establish benchmarks and standard performance indicators for country offices.

Monitoring expenditure against budget

170. UNDP's Budget Section is responsible for monitoring, on a monthly basis, staff costs and other expenditures against budget. It used budgetary projection reports to identify both overspends and underspends, analysed major variances and initiated appropriate action to investigate and resolve problems.

Performance reporting

171. For previous bienniums, UNDP has included in its financial reports and audited financial statements a comparison between the final budget and out-turn expenditure on core activities, programme support and development activities and trust funds. The financial reports have not, however, included a commentary on operational performance against UNDP's mandates and objectives within the bounds set by the biennial budget, although UNDP publishes annual reports which highlight some of its key achievements against its mandates and objectives.

172. The Board considers that UNDP does not have a satisfactory mechanism through which it can be accountable for achieving budgetary targets alongside its operational objectives. The Board recommends that UNDP develop such a means for reporting achievement of the activities provided for in the budget.

Management of trust funds and other funds administered by UNDP

Background

173. The General Assembly, the UNDP Executive Board or the Administrator may establish trust funds and other funds to carry out specific activities and programmes of work. Such funds are financed through voluntary contributions, primarily from United Nations Member States, and are independent of UNDP's indicative planning figure resources.

174. The activities of trust funds and other funds administered by UNDP have become an increasingly important part of UNDP's operations. Table 5 shows that, over the last three bienniums, there was a significant growth in the number, income and expenditure of such funds.

Table 5. Growth in the number, income and expenditure of trust funds and other funds, 1990-1995

(Millions of United States dollars)

Biennium	Number of funds a/	Income	Expenditure
1990-1991	73	276	245
1992-1993	85	369	351
1994-1995	119	658	501

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a/ Number of trust funds and other funds at the end of each biennium.

175. In its report on UNDP's 1992-1993 financial statements, the Board of Auditors pointed out that the distinct roles of some funds and the differing administrative procedures for approving and implementing projects complicated the funds' integration with mainstream UNDP programme activity. The Board had noted that UNDP was considering the introduction of a standard fund management approach with uniform management structures and processes for all programme funds, including trust funds, insofar as their governance and structure allowed. In addition, trust fund activities would be covered by corporate financial management systems to ensure consistent and compatible information on all sources of funds.

Audit approach

176. The Board focused its review on six of the largest funds and trust funds administered by UNDP. Their combined income and expenditure constituted 58 per cent and 65 per cent, respectively, of the total income and expenditure of funds in 1994-1995. The six funds and trust funds are: the United Nations Development Fund for Women, the United Nations Volunteers programme, the United Nations Capital Development Fund, the Trust Fund to Combat Desertification and Drought, the Multilateral Fund for the Implementation of the Montreal Protocol and the UNDP Global Environment Facility.

177. In April 1995, the Executive Board requested that the United Nations Development Fund for Women (UNIFEM) be included on a priority basis in the Board of Auditors' programme of work. The Board therefore undertook an urgent review of the financial situation of UNIFEM in April and May 1995 and presented the results to UNDP on 31 May 1995. In December 1995, the Board followed up its review to assess progress in addressing UNIFEM's financial difficulties. The results of those reviews are reflected in the present report.

Fund mandates

178. All six funds had clearly defined mandates which were broadly consistent with the aims, policies and activities of UNDP. In addition, each fund was clearly linked with one of UNDP's four focus areas of poverty elimination, sustainable livelihoods and employment, advancement of women, and protection and regeneration of the environment. Although there was no analysis of the contribution made by each fund to all of the four focus areas, the Board noted

that UNDP's Division for Sustainable Energy and Environment was developing such an approach for its activities, which included three of the six trust funds examined by the Board. The Board endorses this initiative and recommends that, in view of the growth of trust funds and other funds, UNDP ensure that there is a clear and demonstrable analysis of the mandates of funds and their contribution to all of UNDP's corporate objectives.

Strategic plans

179. The Board was pleased to note that the Office to Combat Desertification and Drought (UNSO) had responded to the adoption of the United Nations Convention to Combat Desertification and Drought in June 1994 with a new strategy to promote resource mobilization and policy, strategy and programme development at the country level. The Board was also pleased to note that the United Nations Volunteers programme had established a strategic approach for 1993-1996 which, taken with its annual management plan, served as a sound strategy to underlie its activities. Three of the other funds did not, however, have a strategy to direct their activities in support of their mandates and objectives. In addition, the Board considered that one other fund needed to enhance and improve the scope and quality of its strategy.

Montreal Protocol

180. UNDP did not have a strategy to direct its participation in the Montreal Protocol, under which UNDP helped developing countries plan, prepare and implement the phasing out of ozone-depleting substances. Its involvement in implementing the Protocol was governed by an August 1991 agreement with the Executive Committee of the Montreal Protocol. UNDP submitted, for the Committee's approval, annual work programmes and business plans which set out the types and value of activities which it proposed to undertake.

181. In 1994 there was a shift in the type of assistance provided by UNDP. From 1991 to 1993, UNDP had focused on country programme preparation, technical cooperation and technical training, which together accounted for over half of its work programme. In 1994, however, investment projects represented some 88 per cent of UNDP approved activities under the Protocol. UNDP has continued to concentrate on those projects, planning for 100 investment project approvals with a value of $30 million in 1996.

182. This shift was in response to government and industry requests and also followed Executive Committee guidelines that UNDP, the United Nations Industrial Development Organization (UNIDO) and the World Bank should concentrate on investment projects while the United Nations Environment Programme took primary responsibility for technical training. The Board notes that this shift represents a move away from UNDP's traditional activities of institutional strengthening through building national capacity and providing technical assistance. Moreover, the Board notes that in March 1995, a study on the Montreal Protocol commissioned by Governments confirmed that, in addition to the World Bank, having UNDP and UNIDO design and implement investment projects had been beneficial since it had speeded up the project preparation and implementation process. The study further confirmed that more emphasis on institutional strengthening was likely to yield a faster rate of project implementation and of phasing out of ozone-depleting substances. The Board therefore recommends that UNDP review its activities under the Montreal Protocol to assess whether its increasing involvement in investment projects remains the most appropriate means for UNDP to contribute to the Protocol.

United Nations Development Fund for Women (UNIFEM)

183. UNIFEM had prepared annual management plans for 1994 and 1995 which set out specific objectives, activities, anticipated outcomes and a timetable for their completion. The Fund had not, however, drawn up an overall strategic plan to set longer-term objectives for its activities. The Board therefore recommends that UNIFEM draw up a strategy setting out its long-term business objectives and approaches for achieving its mandate and objectives.

United Nations Capital Development Fund (UNCDF)

184. In August 1995, UNCDF published its new policy for the period 1996-1998 in response to a reduction in contributions to the Fund over recent years and the need to refocus the Fund's activities. UNCDF had not, however, translated the policy into a clearly defined strategy to direct its activities towards the achievement of its policy objectives. The Board therefore recommends that UNCDF develop a strategy for the achievement of its new policy objectives.

UNDP-Global Environment Facility (UNDP-GEF)

185. In February 1996, the secretariat of the Global Environment Facility published its operational strategy for the Facility. In response, UNDP has started to develop a strategy for its own participation under the Facility, and the Board endorses those efforts. The Board recommends, however, that UNDP enhance the strategy to integrate the Facility's objectives into UNDP's mainstream activities, improve the coordination of the Facility's projects with national and regional strategies and policies, and focus on a limited number of key priorities rather than on the 22 issues which the strategy currently identifies for action.

Financial control

186. UNDP may only accept trust funds on a fully funded basis unless otherwise specified by the Governing Council or Executive Board. Each of the funds reviewed had its own finance unit or finance officer responsible for the financial and budgetary management of the funds, while UNDP's Division of Finance prepared the funds' financial statements.

United Nations Development Fund for Women (UNIFEM)

187. In May 1995, the Board reported to UNDP on the results of its review of UNIFEM's financial difficulties. UNDP had introduced in 1988, with the approval of the Governing Council, a partial funding system for UNIFEM to increase the Fund's assistance to recipient countries and to reduce rapidly the Fund's accumulated balance of unallocated resources. In 1994 UNIFEM had incurred total expenditures of $17.3 million compared with income of $10.3 million. UNIFEM's cash balance of $2.9 million, carried over from 1993, only partly covered the excess of expenditure over income in 1994. To make up the shortfall, UNIFEM had drawn $4.1 million from its operational reserve, leaving $1 million in the reserve compared with $10.4 million which was required under UNIFEM's partial funding formula.

188. The Board concurred with the Administrator's assessment that the main cause of these difficulties was inadequate management and financial oversight by UNIFEM. The Board concluded, however, that there had also been a lack of oversight on the part of UNDP. The Board considered that UNDP should have taken a more active role in overseeing the financial management of the Fund,

particularly in light of the significant risks associated with UNIFEM's partial funding system, the operation of the Fund's computerized budget management system independently of UNDP's computer systems, and the decision to reduce the Fund's level of unexpended resources.

189. UNDP took action to strengthen the financial management of the Fund. In June 1995, it outposted to UNIFEM a senior and experienced staff member from its Division of Finance to oversee budgetary control of the Fund and provide regular reports and assurance to the Director of UNIFEM and the Director of Finance that appropriate controls were maintained at all times.

190. The Board reviewed UNIFEM in December 1995 and noted that financial control of the Fund had improved significantly. It also noted that the Fund's financial situation had improved in comparison with earlier projections.

Oversight of centralized funds control

191. In view of the serious accountability issues which arose from UNIFEM and of the increasing number and level of resources of funds and trust funds, UNDP has decided to rationalize financial control of all funds and assign the oversight of the programme finance function to the Division of Finance. In his report of 24 July 1995 to the Executive Board (DP/1995/51), the Administrator explained that this was a necessary step to eliminate any ambiguity that might exist in respect of the oversight of project and programme funds.

192. UNDP plans to discontinue the separate and independent arrangements that have governed the financial management of funds. Some funds would no longer have their own independent finance staff but would receive financial services directly from the Division of Finance. The Administrator pointed out that those arrangements would not prejudice the managerial responsibilities and accountability of the respective fund managers, nor would they affect the status of the funds.

193. UNDP expected to transfer financial responsibilities to the Division of Finance by July 1996. The Board understands that UNDP plans to clarify the funds' lines of reporting and accountability arrangements at headquarters and at country offices by December 1996.

Management information systems

194. In response to UNIFEM's financial difficulties, the Administrator had proposed that UNIFEM should replace its budget management system with UNDP's project financial management system, which has the advantage of being integrated into UNDP's main financial system and, unlike the budget management system, does not need to be constantly reconciled with Division of Finance records. The Board therefore endorsed this proposal but noted that UNIFEM had not drawn up a plan to move from one system to the other. UNIFEM told the Board that it had evaluated the facilities offered by the project financial management system and had concluded that it did not fully meet its needs. As a result, UNIFEM was considering alternative systems. The Board considers that replacement of the budget management system would be a key element in strengthening the financial management of the Fund. The Board therefore recommends that UNDP and UNIFEM prepare and implement a plan, with a clearly defined timetable, to replace UNIFEM's budget management system with a system that is integrated into UNDP's main financial system.

195. UNDP had proposed that the project financial management system would cover all funds and trust funds to ensure consistent and compatible information on all sources of funds. The Board found that although they used expenditure data provided by UNDP, the finance officers for the Montreal Protocol, UNSO, UNCDF and UNDP-GEF used computer systems independent of UNDP's to monitor project budgets, expenditures and unspent allocations. In the case of the Montreal Protocol, its Executive Committee had mandated that a standardized reporting framework using EXCEL be followed. The Board noted that UNCDF has been piloting the use of project financial management systems within the finance unit of the Bureau for Policy and Programme Support and that UNSO was ready to transfer to those systems once a needs assessment had been undertaken. The Board also noted that UNDP-GEF is developing a project information management system, linked to project financial management systems, to track GEF projects from inception to completion. The Board endorses these efforts.

196. The computerized volunteer management system of the United Nations Volunteers programme was a key instrument for the efficient and effective operational and financial management of the programme. In 1995 UNV had determined that the system needed enhancement, including the finance and funding module, to record and monitor commitments and the project budget and volunteer reporting systems. In particular, the system did not contain a facility to identify how much had been spent on each project. UNV told the Board that it would shortly be completing its enhancement of the finance and funding module to improve the management of the programme's resources. The Board welcomes these improvements.

197. UNCDF and UNDP-GEF had established an internal financial reporting mechanism which involved finance staff providing the Fund's director with a narrative summary highlighting issues arising from the Fund's financial statements and underlying financial reports. The Board endorses this practice since it provides clear interpretation and explanation of the Fund's financial situation. The Board therefore recommends that such internal financial reporting become a requirement for all funds administered by UNDP.

Monitoring, evaluation and review

198. For UNDP-GEF, most of the projects from the pilot phase were still ongoing and, therefore, their impact had yet to be evaluated. UNDP-GEF had, however, put in place procedures to ensure that projects were evaluated upon completion. For the remaining funds reviewed, the scope of monitoring and evaluation activities varied.

Montreal Protocol

199. The Board noted that, by March 1996, UNDP had completed 133 projects across the full range of its activities under the Montreal Protocol but had not evaluated the projects' achievements other than recording the volume of ozone-depleting substances which its investment projects had phased out. UNDP has, however, recently developed draft terms of reference for monitoring reviews to be undertaken jointly with Governments and the beneficiaries during the course of country programmes. UNDP is also developing, for one investment project, an evaluation report which it intends to use as a model. The Board endorses these efforts and recommends that UNDP support them by establishing a monitoring and evaluation strategy, with clearly defined criteria for selecting appropriate programmes for joint monitoring reviews and projects for evaluation.

United Nations Development Fund for Women (UNIFEM)

200. In September 1995, the Executive Board established terms of reference for an external evaluation of UNIFEM, focusing on the programmes, impact and future directions of the Fund. The evaluation started in February 1996 and was expected to be submitted to the Executive Board in September 1996. The Board welcomes this evaluation study, which should help UNIFEM develop a coherent strategy for monitoring and evaluating all of its activities.

Office to Combat Desertification and Drought (UNSO)

201. UNDP had restructured UNSO and redirected its activities away from financing technical projects specifically intended to address problems of desertification and dry land degradation and towards international and national resource mobilization and advocacy programmes and support for the development of policies, strategies and programmes at the country level. UNSO has recognized that it needs to develop evaluation mechanisms to capture and demonstrate the impact of those activities.

United Nations Volunteers programme (UNV)

202. To help UNV monitor and evaluate the programme, volunteers send reports to UNV headquarters within the first three months of service; then annually, and finally, upon completion of their assignments. At the time of the Board's review, UNV had developed revised reporting formats to make the volunteers' reports more useful for monitoring and evaluation purposes. UNV had included the requirement that volunteers record baseline information and establish benchmarks at the start of their assignments against which UNV could then measure progress and the achievement of objectives. UNV was developing possible performance indicators.

203. The Board endorses UNV's efforts to improve its evaluation of the impact of the programme.

United Nations Capital Development Fund (UNCDF)

204. The Board noted that UNCDF had devoted considerable attention to its monitoring and evaluation programme with the preparation of annual summaries of evaluations, showing major achievements and highlighting shortcomings and lessons to be learned. The Board endorses those efforts.

205. UNCDF has commissioned management consultants to identify any gaps in UNCDF's current capacity that would need to be filled to achieve its new policy objectives and targets. This study was scheduled for completion in July 1996. UNCDF informed the Board that in 1999 it will commission an evaluation to assess its achievements and determine whether it should continue or cease operations. The Board considers that this is a sound response to UNCDF's emerging financial situation.

Internal audit

Background

206. In its resolution 50/204 of 23 December 1995, the General Assembly requested the Board of Auditors to follow up, and report at the earliest opportunity, on shortcomings in internal audit coverage identified in earlier

reports with a view to determining whether its recommendations had been implemented and the situation rectified. The Board examined UNDP's Division for Audit and Management Review to assess the sufficiency of its independence, resources, planning standards and follow-up action. Although the Division is also responsible for providing internal audit services to UNFPA, the Board focused on the Division's role in respect of UNDP and the United Nations Office for Project Services (UNOPS).

207. The Board noted that the Division was in the process of substantial change and that it had launched a number of initiatives in 1996 to improve its effectiveness and impact. In particular, the Board welcomed the Division's quality service initiative, which involved all its staff, covered a wide range of issues and was aimed at improving the service provided to UNDP. As part of this process, the Division had produced a series of discussion papers which included proposals for substantially reorganizing the Division so as to increase and rationalize its audit coverage and improve control over resources. The papers also covered such topics as benchmarking and best practice, staff training and development, performance appraisal, professional practices, reporting and communications, and work methods, as well as matters concerning the Division's relationship with the auditees and its staff.

Status and independence

208. The Division for Audit and Management Review is independent of all of the operations which it is responsible for auditing, and the Director of the Division reports, and is directly accountable, to the Office of the Administrator in respect of its UNDP reviews. The Board is pleased to note that, following a recommendation in its 1990-1991 report, UNDP took immediate action to change its financial regulations and rules, with the approval of the Governing Council, to provide internal audit with a sufficient legal basis for carrying out its audit responsibilities.

209. To secure its budget and resources, the Division had to submit its resource requirements to the Bureau for Finance and Administration in the same way as other Divisions. The Board considered that, in practice, this did not unduly limit the Division's independence, since its Director had direct access to the Administrator in the event of any disagreement.

210. The Board considered, however, that the Division's role and influence in UNDP was affected by the slowness of auditees to respond to its reports. The Board noted that, by May 1996, the Division had received replies from resident representatives to only 3 out of 10 country office reports issued between October and December 1995. The Division closed some cases after a full year had elapsed without response.

211. The Board noted that in some cases the Associate Administrator had intervened to hasten responses and that UNOPS had assigned an officer to coordinate management responses to audit reports with the aim of improving timeliness. The Board also noted that the Division was strengthening its follow-up procedures as part of its quality service initiative.

212. In its 1990-1991 report, the Board had recommended that the Division should not be assigned operational responsibilities. UNDP reviewed the Division's roles in administering the audit requirements for nationally executed projects and in coordinating the updating of manuals and concluded that there was no conflict of interests. The Board accepts that the role of overseeing national execution audits sits comfortably within internal audit. However, the Board

considers that internal audit's limited resources should be deployed on audit or audited-related activities. The Board recommends that the Division's non-audit function of updating manuals should be transferred to an operational unit.

Resources

213. The Division for Audit and Management Review has three sections responsible for UNDP and United Nations Office for Project Services (UNOPS) audits. The Internal Audit Section audits UNDP and trust funds; the National Execution Audit Section administers and monitors audits, by government-appointed auditors, of nationally executed projects and undertakes a number of direct audits of country office national execution programmes; and the Project Services Audit Section audits UNOPS. The Division's Management Review and Analysis Section is responsible for updating UNDP's manuals and carries out periodic audits and reviews of UNDP's operations; it also provides information and training support to the other sections of the Division.

214. From its 1990-1991 review of internal audit, the Board had concluded that staffing levels were insufficient to provide comprehensive audit coverage. The Board found that the Division remained understaffed during the 1994-1995 biennium: it was substantially unable to complete its planned programme of work in 1994-1995 and six (24 per cent) of its Professional staff posts were vacant throughout the biennium. The Division has since filled one of those posts and has initiated action regarding the other vacancies. Most of the vacancies were in the Internal Audit Section.

215. In reply to the Board's recommendation in its 1990-1991 report that the internal audit coverage needed to be improved, UNDP had explained that it had launched a pilot scheme which included the contracting out of country office audits in the Asia/Pacific region to an international firm of accountants. That arrangement has continued and a similar one has been established for the Africa region. In total, these arrangements covered 68 country offices and cost $1.7 million in 1994-1995.

Management of contractors

216. The Division for Audit and Management Review manages contractors through outposted officers in the regional service centres and quality control review at headquarters. The process includes reviewing the contractor's working papers, holding training sessions for their audit staff and conducting joint audits with them. The Division also sends questionnaires to resident representatives requesting their views on the quality of service provided by the firms. The Division told the Board that, although use of the firms had contributed to a significant increase in audit coverage of country offices, additional demands had been placed on headquarters staff in reviewing the firms' reports. The Board confirmed that the reports prepared by two firms had required significant input by the Division to improve their scope, content and quality.

217. The Division has provided formal feedback to the firms on its assessment of the quality of their work, pointing out major areas requiring improvement, and has withheld payments of $322,000 and $62,000 due to the firms as a result of gaps in performance. Both payments have since been released.

218. The Division told the Board that there had been progressive improvement and that it expected this to continue as the firms learned from experience. In January 1995, UNDP renewed the contract covering UNDP country offices in the Asia/Pacific region, at a cost of $842,000 for 1995 and 1996, and in

January 1996, it renewed the contract covering UNDP country offices in the Africa region, at a cost of $2.7 million for 1996 and 1997.

Audit coverage

219. In 1994-1995, while the use of contractors enabled the Division for Audit and Management Review to cover all 68 UNDP country offices in two regions, there were significant shortfalls in coverage elsewhere, due in the main to unplanned and ad hoc investigations having to be undertaken. The Internal Audit Section completed only 46 out of 68 planned audits. In particular, it carried out only one major management audit at headquarters in 1995 compared with the seven planned. The National Execution Audit Section completed only 20 out of 30 planned country office audits; and the Project Services Audit Section completed 16 out of 19 planned audits. In addition, there were major changes to the plans in 1994. In response to urgent problems, the Internal Audit Section substituted six of its eight planned headquarters audits and the Project Services Audit Section substituted five of its ten planned audits.

220. The Board considers that the shortfall in delivery and the changes in planned work significantly diminished the value of the Division's audit plans, which were intended to ensure efficient and effective coverage of the audit field.

221. Over the last six years, the Division has examined only four funds and trust funds. Although some of the Division's other audit activities, together with the programme of audits by the regional service centres, touched on projects and programmes financed by funds and trust funds, these were not focused specifically on the funds themselves or on thematic aspects associated with the management of such funds. The Division recognized the need to maintain adequate audit coverage of trust funds, and it scheduled further audits in this area for 1996.

222. In view of the significant growth in the number and resources of funds and trust funds, the Board considers that internal audit coverage of such funds has been insufficient in comparison with coverage of UNDP's main activities. The Board therefore recommends that the Division develop a cyclical programme of internal audit reviews of the funds. It should focus particularly on the larger funds but should also take account of significant areas of risk and known problems or emerging developments, and should consider undertaking thematic reviews concerning financial and operational management issues which are common to all funds.

Audit planning

223. In its report for the 1990-1991 biennium, the Board noted that the Division for Audit and Management Review had not prepared a medium-term plan identifying all auditable activities over a three-to-five-year period. The Board also noted that the Division did not document how it identified potential audit areas and how it determined priorities for its annual audit plans. UNDP assured the Board that the Division would establish a medium-term plan.

224. The Board noted that the Internal Audit Section had drawn up a long-term plan through which it expected every headquarters unit and UNDP country office to be audited at least once in a seven-year cycle. The Section anticipated that the implementation of additional regional service centres, further contracting with private-sector auditing firms and improvements in the quality and scope of the firms' services would increase the audit coverage of country offices and

release staff resources of the Division to carry out more audits at UNDP headquarters. In this way the Section expects to increase its coverage from six headquarters audits and 84 country office audits in 1995 to 14 headquarters and 132 country offices by 2001.

225. The Board welcomes the Division's commitment to a comprehensive programme of audits at headquarters and in country offices. The Division had not, however, recorded its estimate of the level of resources required to achieve the plan, including staff resources required to manage and review contractors' work. In view of the Division's limited resources, the Board is concerned that the plan should be realistic, and it therefore recommends that the Division assess and record the plan's resource implications and skill needs for the work proposed, taking account of the likelihood of ad hoc demands.

226. Within its long-term plan, the Internal Audit Section identified an annual plan and a pipeline of audits for the ensuing years. The Board was unable, however, to identify a clear statement of the criteria used to select the annual audits, particularly those of headquarters units. The Division explained that its selection depended on the length of time since the previous audit, any known emerging problems and any specific request for a special audit.

227. The Project Services Audit Section drew up annual plans but had not prepared a longer-term audit plan. Although it consulted the United Nations Office for Project Services (UNOPS) over the selection of audit subjects, the Division could not demonstrate that the Project Services Audit Section had undertaken a thorough review of its audit field. Moreover, the Board was unable to identify a clear statement of the criteria used to select the annual audits. The Division told the Board that, in selecting UNOPS subjects for audit, it considered issues such as materiality and risk based on its experience and knowledge of UNOPS, but that it did not document those assessments.

228. The National Execution Section prepared an annual audit plan of projects to be audited by government auditors. The Board's comments on these arrangements are in part I of the present report. For its own audits of country office national execution programmes, the Section prepared an annual plan of country offices to be visited but did not draw up a long-term plan.

229. The Board therefore recommends that, in preparing its audit plans, the Division clearly document the criteria used to select each subject; these should include materiality, known and potential risks and the timeliness of the proposed audit. The Board also recommends that all audit sections should be required to produce long-term plans to show how they propose to cover their audit field over a given cycle. The Division should assess the likely resource needs to fulfil the programme of work and should identify the consequences of any shortfalls and include plans for overcoming them.

Audit documentation

230. The Board examined 24 audit reports issued in 1994-1995. For the 12 reports prepared by contractors, the Board was unable to comment on the supporting documentation as the Division for Audit and Management Review did not receive the supporting working papers. The Board noted, however, that the Internal Audit Section closely reviewed the contractors' draft reports, recording their detailed comments, requests for further clarification and editorial changes. For the reports prepared by the Division's own staff, the Board found that there was no standard documentation clearly setting out the audit procedures undertaken and the findings and conclusions, and there were no

clear, up-to-date permanent records of auditees' organigrams, systems and key controls. The Board noted that this problem was being addressed as part of the Division's quality service initiative. The Board recommends that the Division establish standard documentation, showing procedures, findings and conclusions, to provide a more transparent basis for the preparation and review of reports, and that it update its permanent files with basic information on the auditees.

Audit standards and computer audit

231. The Division for Audit and Management Review has prepared, and issued to each of its staff, a two-volume internal audit manual, setting out audit methods and procedures. The Board noted, however, that the first volume of the manual was issued in December 1984 and has not been updated since. The Division informed the Board that it proposed to update its manual and other guidance as part of its quality-service initiative. The Board recommends that the Division update the manual, streamlining it to make it more user-friendly and relevant to auditors' current needs.

232. To help internal auditors and contractors' staff undertake country office audits, the Division has prepared comprehensive country office management audit guidelines. In addition, it prepared a planning memorandum for each management audit, setting out the audit's scope, objectives, risks and timetable, and provided clear terms of reference for the audits. It told the Board that it was developing guidelines specific to its UNOPS audits. The Board endorses those efforts.

233. The Division had a certified information systems auditor with specialist computer audit skills, who concentrated on examining systems under development, regarding these as representing the most significant area of risk. The Board endorses internal audit's involvement in such developments but considers that the Division should also cover the operation of UNDP's and UNOPS's key headquarters systems. The Board therefore recommends that the Division survey the risks associated with the operation of headquarters computer systems and provide audit coverage as appropriate.

Reporting and follow-up

234. The Director of the Division for Audit and Management Review is responsible for issuing all internal audit reports, including those which are based on the work of contractors. In the sample of 24 reports examined, the Board found that the Division had recorded and actively pursued responses.

235. Much of the work of the National Execution Audit Section consists of monitoring the results of the independent audits carried out by government auditors on nationally executed projects and providing feedback to the respective resident representatives. The Board examined the 1994 audit reports for 17 countries and found that the Division had issued letters to resident representatives for only six of them. Moreover, none of the letters addressed the concerns raised by the auditors or any shortcomings in the audits themselves. For example, the Board found little evidence that the Section followed up on cases in which the government auditors had failed to give an audit opinion on nationally executed projects. The Board considers that it is particularly important for the Section to follow up on auditors' reports, to ensure that appropriate lessons are learned by the auditors and that their findings are brought to the attention of Governments. The Board therefore recommends that the Section establish a formal mechanism to ensure that

shortcomings are identified and brought to the attention of government auditors, country offices and Governments.

236. In general, there was evidence that the Division carefully reviewed the responses to its own reports. The Board noted, however, that when auditees promised to take remedial action, the Division only followed up on those proposals when conducting a subsequent audit. The Division told the Board that it considered implementation to be the responsibility of the auditees and that there was routine follow-up of previous internal audit recommendations as part of the annual audits of the 68 country offices in the Asia/Pacific and Africa regions.

237. The Board considers, however, that there is scope for improving the Division's follow-up activity with a view to assessing the impact of internal audit work, and it welcomes the Division's plan to strengthen follow-up action as part of its quality-service initiative. The Board recommends that the Division establish a procedure to follow up on UNDP and UNOPS action in response to its recommendations so as to demonstrate the improvements made. The Division uses a computer database to record its recommendations, and the Board suggests that it develop this to facilitate follow-up, targeting the most important recommendations.

Staff training

238. Three of the 19 Professional staff had professional accountancy qualifications, and other staff of the Division for Audit and Management Review had considerable academic qualifications, mostly concerning finance and accounting at an advanced level. The Division was assessing the core competencies needed, as part of its quality-service initiative.

239. The Board found that during 1994-1995 Division staff had attended 77 training courses, 42 of which provided training in the use of information technology, while others were intended to improve, for example, audit, management and report-writing skills. The Board noted that two staff members were certified fraud examiners and that 14 would be attending, in October 1996, a training course to strengthen their fraud investigation skills.

Fraud and presumptive fraud

240. UNDP informed the Board of 15 cases of fraud and presumptive fraud which had been identified during the biennium. In 10 cases, UNDP had identified financial losses totalling $283,604, of which it had recovered $253,800 in respect of three cases. In the remaining five cases, investigations were still ongoing to identify financial loss. Thirteen of the cases involved staff members and disciplinary action had so far been taken in six cases.

Acknowledgement

241. The Board of Auditors wishes to express its appreciation for the cooperation and assistance extended to its staff by the Administrator and staff of the United Nations Development Programme.

(*Signed*) Osei Tutu PREMPEH
Auditor General of Ghana

(*Signed*) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(*Signed*) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

ANNEX

Follow-up on action by the United Nations Development Programme to implement the recommendations of the Board of Auditors in its report for the biennium ended 31 December 1993 [a]

I. RECOMMENDATION 9 (a)

1. UNDP should report to the Executive Board on how the funds held in the reserve for transitional measures will be utilized.

Measures taken by the Administration

2. In July 1994, UNDP reported (DP/1994/35) that the reserve would be utilized for transitional salary costs, training and systems development.

Comments of the Board

3. The Board noted that as at 31 December 1995, UNDP had fully utilized the $7.2 million allocation to the reserve for the activities reported to the Executive Board. The Board has reported further on the reserve for transitional measures in its present report.

II. RECOMMENDATION 9 (b)

4. An overall implementation plan should be drawn up for the disposal of properties in the field.

Measures taken by the Administration

5. UNDP presented a preliminary three-year plan to the Executive Board at its first regular session in January 1995 (DP/1995/10/Add.1). Since then, UNDP has undertaken a full review of the housing and common premises operations, with the assistance of external consultants. UNDP planned to submit a comprehensive status report to the Executive Board in September 1996.

Comments of the Board

6. The Board welcomes the review which UNDP has undertaken on the operations funded through the reserve. The Board continues to be concerned by the level of over-expenditures and has reported on this in detail in its present report.

III. RECOMMENDATION 9 (c)

7. UNDP should clarify its guidelines on the definition of unliquidated obligations.

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[a] Official Records of the General Assembly, Forty-ninth Session, Supplement No. 5A (A/49/5/Add.1), sect. II, paras. 9-13.

Measures taken by the Administration

8. UNDP clarified its year-end instructions to all certifying officers at headquarters and in the country offices. UNDP also issued improved guidance on procedures for reviewing year-end accounts, and it conducted training exercises.

Comments of the Board

9. While welcoming the positive actions taken by UNDP, the Board was concerned that a number of unliquidated obligations at 31 December 1995 did not meet the criteria set out in the accounting policies and therefore did not represent valid liabilities at 31 December 1995. The main reasons for the errors were: failure to reference disbursements processed through the country office accounting system to the relevant obligations; and obligations raised for activities relating to future years. The Board urged UNDP to continue to monitor and strengthen its procedures for reviewing and recording obligations, particularly at the end of a financial period.

IV. RECOMMENDATION 9 (d)

10. UNDP and the executing agencies should work jointly to address the problems with the successor support-cost arrangements that were encountered in 1992-1993.

Measures taken by the Administration

11. UNDP worked closely with the executing agencies through the Inter-Agency Task Force on Support Costs to address evolving policy and operational issues. Further work has been undertaken by UNDP and the executing agencies to simplify support-cost arrangements. In 1994 the Executive Board authorized greater flexibility in the deployment of Technical Support Services resources, resulting in more effective utilization (decision 94/26). Also, as part of the new programming arrangements, various support cost earmarkings were consolidated into three separate lines. Further proposals for simplification of support costs were submitted to the Executive Board in February 1996 (DP/1996/13).

Comments of the Board

12. The Board was pleased to note considerable improvement in the reporting of support costs. The Board found no significant differences in the support costs reported by UNDP in schedule 5.1 to the financial statements and the support costs reported by the executing agencies.

V. RECOMMENDATION 9 (e)

13. UNDP should aim to review and decide all cases involving financial loss and personal responsibility within six months. In addition, when staff are appointed to senior positions with significant financial responsibilities, they should be sent a personal letter of appointment setting out succinctly the nature of those responsibilities and how they will be held accountable.

Measures taken by the Administration

14. In 1994, following internal discussions and consultations with the United Nations Office of Legal Affairs, UNDP put the standing committee into abeyance pending the outcome of a comprehensive review of all financial and management accountability systems in UNDP. UNDP expected to submit to the Executive Board in September 1996 a comprehensive report on its proposals for an internal justice system. In the meantime, cases are being dealt with by management groups within UNDP that are responsible for reviewing staff performance and related issues. When UNDP has the results of the review, it will develop a letter of appointment setting out staff responsibilities and accountabilities. UNDP is also collaborating with the United Nations on the development of a code of ethics for all United Nations staff.

Comments of the Board

15. The Board notes UNDP's continued commitment to the issue of personal responsibility and encourages it to promote a strong culture of accountability.

VI. RECOMMENDATION 10 (a)

16. UNDP should consider streamlining the country programme management plan to focus on key issues in which headquarters support is required.

Measures taken by the Administration

17. The integrated programme management project has defined critical information needs of country offices and headquarters, on the basis of which a set of integrated support and monitoring mechanisms and instruments to manage the next programming cycle is being developed which will include instruments to streamline and enhance country office reporting. These were expected to be available for trial operation in June 1996.

Comments of the Board

18. Under the new programme review and support system, UNDP had eliminated the country programme management plan and revised the basis on which headquarters units provide support and external expertise to country offices. Every three years, resident representatives will report to the new Programme Management Oversight Committee at headquarters, which will focus on accountability, programme support and quality control. The Board endorses these developments and notes that UNDP intended to review the working of the new system by December 1996.

VII. RECOMMENDATION 10 (b)

19. The integrated programme management project should be afforded high priority and should be developed as soon as practicable.

Measures taken by the Administration

20. The implementation of the integrated programme management project is being actively pursued. The major components are already in operation. The overall conceptual framework for the project, including a detailed plan and budget, has been completed. Global implementation of expanded programme finance modules was expected by January 1997.

Comments of the Board

21. The Board welcomes UNDP's commitment to the integrated programme management project. The Board notes, however, that UNDP has yet to complete the development of several key systems within the project, including the country office financial information management system, the executive information system, and the document management system which is currently a pilot project. The Board would urge UNDP to continue to press forward with these developments so as to complete the integrated programme management project as soon as practicable.

VIII. RECOMMENDATION 10 (c)

22. UNDP should perform an evaluation of the effectiveness of local project appraisal committees as a matter of some urgency.

Measures taken by the Administration

23. A new programme review and support system has been created which will include programme formulation and the role of project appraisal committees.

Comments of the Board

24. The programme review and support system has retained local project appraisal committees but widened participation to include technical specialists, government officials, and representatives of non-governmental organizations and United Nations agencies. The Board endorses these new arrangements.

IX. RECOMMENDATION 10 (d)

25. The appraisal process should be reinforced by systematic recording and follow-up of the recommendations of project appraisal committees.

Measures taken by the Administration

26. UNDP agreed with the Board's recommendation and pointed out that formal procedures to ensure compliance with the recommendations of project appraisal committees would be introduced as part of the programme review and support system.

Comments of the Board

27. Under the programme review and support system, a permanent record should be maintained by the country office of the minutes of the local project appraisal committee meetings, and the regional bureau project appraisal committee should then verify that local committee recommendations have been acted on. The Board noted, however, that UNDP had clearly specified these requirements in the new manual for the programming of UNDP resources, and it therefore recommends that UNDP incorporate and highlight these requirements in the manual.

X. RECOMMENDATION 10 (e)

28. Suitable guidance (including training) on setting appropriate objectives and measuring their achievement should be provided to programme staff.

Measures taken by the Administration

29. The programme impact performance assessment system has been tested in two countries and introduced in some centres of experimentation and headquarters units. The system evaluates impact by establishing an objective basis for measuring results at the design/planning stage, by results-oriented monitoring during implementation and by better understanding of impact through value-added evaluations. Regional workshops have been conducted to explore new evaluation dimensions, and training in participatory evaluation techniques has been introduced for programme staff. Training modules will be developed.

Comments of the Board

30. The Board endorses UNDP's efforts in this regard and urges UNDP to expand the use of the programme impact performance assessment system as soon as practicable.

XI. RECOMMENDATION 10 (f)

31. All parties involved in a project should formally approve the completed work plan to signify their commitment to achieving project objectives in the proposed time-frame and their agreement that the plan is realistic.

Measures taken by the Administration

32. UNDP agreed with the Board's recommendation and said that it was being acted on within the context of the new programme review and support system.

Comments of the Board

33. The Board examined the new manual for the programming of UNDP resources which supports the introduction of the programme review and support system but was unable to identify any reference to the need for work plans to be approved by all parties involved in a project. The Board therefore recommends that UNDP promulgate this requirement as a matter of priority.

XII. RECOMMENDATION 10 (g)

34. UNDP should reaffirm the requirement for on-site monitoring of projects.

Measures taken by the Administration

35. UNDP agreed with the principle underlying the Board's recommendation but wished to ensure that rather than being automatic, such visits should be directed to problem-solving and should be assigned on a priority basis. This issue was being addressed within the context of the programme review and support system.

Comments of the Board

36. The Board was unable to determine how the requirement for on-site monitoring of projects was being dealt with through the programme review and support system. As the new manual did not make any reference to this matter, the Board recommends that UNDP issue appropriate guidance on it

XIII. RECOMMENDATION 10 (h)

37. UNDP should introduce a formal mechanism to ensure that lessons learned from project evaluations are disseminated effectively.

Measures taken by the Administration

38. UNDP has established the Office of Evaluation and Strategic Planning to help ensure that future programming incorporates past lessons. The integrated programme management project and the programme impact performance assessment system will improve the monitoring systems, which are fundamental to the implementation of new evaluation dimensions. The new series of "lessons learned" publications will facilitate the application of evaluation findings at the programme and project level. Seven titles were issued in 1995 and others were scheduled to appear in 1996. In addition, on-line access to the central evaluation database was to be available by December 1996.

Comments of the Board

39. The Board welcomes UNDP's efforts in this regard and suggests that UNDP canvass its headquarters units and country offices periodically to assess the extent to which the publications and the database are used and meet users' needs.

XIV. RECOMMENDATION 11

40. Formal records, appropriately signed and reviewed, should be maintained which record the consultants considered for a post, the selection criteria applied, and justification of the final choice.

Measures taken by the Administration

41. In July 1995 UNDP issued revised guidelines for the use of special service agreements.

Comments of the Board

42. The revised guidelines, which became effective on 1 September 1995, introduced competition into the process of selecting consultants and temporary support personnel through the use of rosters. In particular, the revised guidelines require hiring units to document in full their competitive reviews of candidates and to provide such documentation and a clear justification of choice for review by the personnel unit concerned. The Board endorses these new arrangements.

XV. RECOMMENDATION 12 (a)

43. UNDP should evaluate the potential cost and benefits of sponsoring staff in a formal programme of training (in procurement).

Measures taken by the Administration

44. In January 1995, the United Nations Office for Project Services (UNOPS), together with George Washington University, developed and conducted a comprehensive 13-day training programme for contracting of services. Over 100 staff from UNOPS, as well as the United Nations and UNDP and other agencies participated. The programme has been consolidated into a four-day course for future presentation at headquarters and in the field. In addition, the Inter-Agency Procurement Services Office (IAPSO) organized basic procurement courses in 1995, which were attended by 97 staff members from UNDP and other agencies. For 1996, eight courses are planned, four of which will be in the field.

Comments of the Board

45. The Board welcomes the action taken on its recommendation. The Board notes that UNOPS has requested George Washington University to assess the impact of the course, particularly the extent to which skills and knowledge have been transferred to UNDP's staff, through a formal evaluation exercise. The Board recommends that UNDP ensure that this exercise also covers UNDP staff.

XVI. RECOMMENDATION 12 (b)

46. Response rates to invitations to bid should be closely monitored by Management to identify the major reasons for non-response and to correct any recurring problems.

Measures taken by the Administration

47. A tightening of UNDP procurement procedures will be reflected in the new manual of operations management scheduled to be issued later in 1996.

Comments of the Board

48. The Board welcomes UNDP's plan to publish a new manual of operations management. It notes that UNDP intends to draw on the materials produced for the procurement training programme and plans to complete the manual by December 1996.

XVII. RECOMMENDATION 12 (c)

49. UNDP should improve its use of supplier rosters.

Measures taken by the Administration

50. UNDP initiated contacts with the United Nations Secretariat in order to access its roster system. In addition, the common vendor database developed by IAPSO is now installed in UNDP headquarters. The IAPSO common vendor database contains over 7,000 active suppliers worldwide; it is updated on the basis of information received from United Nations agencies and is distributed to all UNDP country offices.

Comments of the Board

51. UNDP does not have access to the roster system of the United Nations Secretariat. The Board, however, welcomes UNDP's increased emphasis on the use of rosters through the implementation of the common vendor database at headquarters and in the field.

XVIII. RECOMMENDATION 12 (d)

52. UNDP should make more use of public advertising.

Measures taken by the Administration

53. While in most cases public advertising has proven impractical for headquarters procurement, it has been used for the selection of preferred suppliers. For larger procurement, UNDP country offices make use of IAPSO's monthly procurement bulletin and other publications. In accordance with existing financial rules, shortlisting is the preferred procurement approach for orders under $100,000.

Comments of the Board

54. The Board welcomes UNDP's use of public advertising and would urge UNDP to continue with this approach where it is cost-effective.

XIX. RECOMMENDATION 12 (e)

55. UNDP should consider adopting a more flexible role for the Contracts Committee and invite purchasing specialists from other organizations, public and private, to attend meetings of the Committee to bolster its expertise in procurement.

Measures taken by the Administration

56. UNDP has adopted the United Nations System Common Guidelines on Procurement, developed by the inter-agency procurement working group. UNDP will reflect these in the new manual of operations management.

Comments of the Board

57. The Board welcomes UNDP's adoption of the United Nations System Common Guidelines on Procurement. The Board notes, however, that UNDP has not taken any action on the Board's recommendation that the Contracts Committee should be bolstered with external expertise. UNDP agrees that the Committee should benefit from a better understanding of modern procurement practice but has pointed out that there are financial implications in such an agreement which merit careful consideration. The Board acknowledges UNDP's concerns but recommends that action be taken to explore these issues so that UNDP is better placed to decide on how to proceed.

XX. RECOMMENDATION 12 (f)

58. UNDP should emphasize to all staff the importance of completing receipt and inspection reports.

Measures taken by the Administration

59. The major component of procurement by UNDP headquarters is office supplies. In this regard, the problem of receiving reports has largely been resolved through revised instructions issued in February 1994. UNDP is exploring the possibility of introducing a purchasing card system to further resolve the problem of receiving reports and streamline the headquarters procurement process. In addition, a new purchase-order software system is being developed for improved control procedures at the user level.

Comments of the Board

60. UNDP is working with its preferred supplier of office materials to develop and implement a purchasing card system for standard items. Such a system would assign clear authority and responsibility to the budget holder for receipt of the items supplied. UNDP expected the system to be fully operational by September 1996. The Board endorses this initiative.

XXI. RECOMMENDATION 12 (g)

61. UNDP should introduce performance measures and targets as soon as practicable to assist management in monitoring and assessing the efficiency of procurement activities.

Measures taken by the Administration

62. Performance measures will be developed on an experimental basis once the purchasing card system is in operation.

Comments of the Board

63. UNDP is concerned that the tailoring of performance indicators to the specific conditions of each unit involved in procurement could be a difficult task. The Board is disappointed, however, that UNDP has not taken any action on this matter and would therefore urge UNDP to take action on the Board's recommendation as soon as possible.

XXII. RECOMMENDATION 13

64. UNDP should establish a documented information technology strategy which clearly sets out objectives, priority areas, timetables and resource implications.

Measures taken by the Administration

65. The strategy on information technology, developed in the context of the integrated programme management (IPM) system and the integrated management information system (IMIS) as the main components, has been completed and approved by the main information systems decision-making body, the IPM/IMIS Steering Committee.

Comments of the Board

66. The Board welcomes the preparation of the new UNDP corporate information management strategy, together with a common system development methodology, and corporate data model to ensure that systems can be integrated. The Board notes, however, that the strategy has not yet been approved by the Executive Committee, which has overall authority for strategic planning and policy within UNDP. The Board therefore recommends that the strategy be submitted to the Executive Committee as a matter of priority.

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to IV, properly identified, schedules 1 to 12 and the supporting explanatory notes of the United Nations Development Programme for the period ended 31 December 1995 in accordance with the Common Auditing Standards of the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency, except that the scope of our work was limited by the matters referred to below and as explained in paragraphs 64-68 of our report. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Except for the effect of any adjustments that may be found to be necessary upon receipt of outstanding audited expenditure statements relating to nationally executed projects, in our opinion the financial statements present fairly the financial position of the United Nations Development Programme as at 31 December 1995 and the results of its operations for the financial period then ended; that they were prepared in accordance with the stated accounting policies which were applied on a basis consistent with that of the preceding financial period; and that the transactions were in accordance with the Financial Regulations and the relevant legislative authority.

In accordance with our usual practice, we have issued a long form report on our audit of the United Nations Development Programme's financial statements, as provided for in the Financial Regulations.

(Signed) Osei Tutu PREMPEH
Auditor General of Ghana

(Signed) Sir John BOURN
Comptroller and Auditor General
of the United Kingdom of Great
Britain and Northern Ireland

(Signed) Vijay Krishna SHUNGLU
Comptroller and Auditor General
of India

31 July 1996

IV. FINANCIAL STATEMENTS FOR THE BIENNIUM ENDED 31 DECEMBER 1995

STATEMENT I

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of income and expenditure and changes in reserves and fund balances for the biennium ended 31 December 1995

(United States dollars)

		UNDP Account			Other Programmes		
		General Fund	Inter-Agency Procurement Services Office d/	Reserve for Field Accommodation	Funds & Trust Funds	Junior Professional Officers Programme	Management Service Agreements
INCOME							
Contributions from Governments and other contributors							
Voluntary contributions		1 835 482 869 a/	-	-	549 040 629	47 510 710	287 303 798
Less: Transfers to government local office costs	(note 5)	7 310 562	-	-	-	-	-
		1 828 172 307	-	-	549 040 629	47 510 710	287 303 798
Voluntary contributions for the Special Measures Fund for the Least Developed Countries		19 290	-	-	-	-	-
Cost-sharing contributions		1 197 388 137	-	-	29 329 560	-	-
Cash counterpart contributions for projects		18 571 295	-	-	-	-	-
Sub-trust fund contributions		-	-	-	41 824 609	-	-
Extrabudgetary income		83 291 098	5 255 665	-	-	-	-
Interest income		95 221 146 b/	-		28 257 794	-	-
Other income/expenditure (net)		31 773 045 c/	-	9 136 400	9 793 279	-	-
Total Income		3 254 436 318	5 255 665	9 136 400	658 245 871	47 510 710	287 303 798
EXPENDITURE							
Total Expenditure	(schedule 1)	2 764 008 627	3 962 993	5 747 463	501 482 690	46 594 236	286 080 973
EXCESS OF INCOME OVER EXPENDITURE		490 427 691	1 292 672	3 388 937	156 763 181	916 474	1 222 825
Increase/(decrease) in provision to reduce the book value of accounts receivable and deferred charges	(note 9)	(30 164)	-	-	-	-	-
NET EXCESS OF INCOME OVER EXPENDITURE		490 457 855	1 292 672	3 388 937	156 763 181	916 474	1 222 825
Savings on prior biennium's obligations		6 003 775	-	-	153 382	-	-
Transfers to reserves		(22 400 000)	-	-	-	-	-
Transfers from reserves		-	-	-	20 800 000	-	-
Transfers to/from other funds		182 216	-	-	(182 216)	-	-
Transfer of resources to UNOPS		(10 238 364)	-	-	-	-	-
Refunds to Governments		-	-	-	(317 661)	-	-
Reserve and fund balances, 1 January 1994		439 380 685	381 064	825 302	274 022 153	6 061 865	73 960 885
RESERVE AND FUND BALANCES, 31 DECEMBER 1995		903 386 167	1 673 736	4 214 239	451 238 839	6 978 339	75 183 710
		(statement IV)	(schedule 7)		(schedule 8)	(schedule 11)	(schedule 12)

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a/ See notes 3 and 4.

b/ See note 6.

c/ See schedule 4.

d/ See note 22.

The accompanying notes are an integral part of the financial statements.

STATEMENT II

UNITED NATIONS DEVELOPMENT PROGRAMME

Statement of assets, liabilities, and reserves and fund balances
for the biennium ended 31 December 1995

(United States dollars)

	UNDP Account			Other Programmes		
	General Fund	Inter-Agency Procurement Services Office d/	Reserve for Field Accommodation	Funds & Trust Funds	Junior Professional Officers Programme	Management Service Agreements
ASSETS						
Cash	22 002 931	3 943 225	-	635 561	-	-
Government letters of credit	3 776 106 a/	-	-	3 000 000	-	-
Investments (schedule 3)						
General resources	406 918 367	-	-	130 318 704	-	-
Subsidiary programmes	944 610 000	-	-	-	-	-
Investments of the Operational Reserve	200 000 000	-	-	40 200 000	-	-
Advances						
Operating funds provided to Governments	86 838 515	-	-	15 028 393	-	-
Operating funds provided to executing agencies	87 027 026	-	-	3 764 598	-	-
Accounts receivable and deferred charges						
Due from United Nations Population Fund	12 778 056	-	-	-	-	-
Due from UNDP	-	10 394 173	-	361 361 791	6 978 339	134 193 596
Inter-fund balances	23 199 878	-	-	-	-	-
Other accounts receivable and deferred charges	29 789 884 b/	153 286	-	5 391 900	655 588	-
Loans to Governments	-	-	2 798 417	10 194 154	-	-
Construction costs	-	-	46 452 932	-	-	-
Capitalized Rehabilitation	-	-	5 177 218	-	-	-
Household Appliance Rental Scheme	-	-	333 285	-	-	-
Accrued interest	21 117 414	-	-	2 095 985	-	-
TOTAL ASSETS	1 838 058 177	14 490 684	54 761 852	571 991 086	7 633 927	134 193 596

STATEMENT II (concluded)

	UNDP Account			Other Programmes		
	General Fund	Inter-Agency Procurement Services Office d/	Reserve for Field Accommodation	Funds & Trust Funds	Junior Professional Officers Programme	Management Service Agreements
LIABILITIES						
Operating funds payable to Governments	7 309 652	-	-	601 973	-	-
Operating funds payable to executing agencies	7 877 755	-	-	14 889 578	-	-
Unliquidated obligations	122 015 955 c/	21 600	-	51 403 738	655 588	59 009 886
Accounts payable	57 897 280 b/	12 795 348	-	1 715 165	-	-
Accruals of rent income	-	-	107 190	-	-	-
Agency reimbursement of construction costs	-	-	3 650 600	-	-	-
Due to the United Nations	680 374	-	-	-	-	-
Due to UNDP	-	-	21 789 823	1 410 055	-	-
Due to UNOPS	5 170 453	-	-	-	-	-
Inter-fund balances	512 927 899	-	-	-	-	-
Management service agreements	-	-	-	435 304	-	-
Extrabudgetary accounts	-	-	-	5 520 439	-	-
Reserve for transitional measures (note 16)	8 435 774	-	-	-	-	-
Reserve for budgeted separations (note 16)	12 356 868	-	-	-	-	-
Other liabilities	-	-	-	4 575 995	-	-
TOTAL LIABILITIES	734 672 010	12 816 948	25 547 613	80 552 247	655 588	59 009 886
RESERVES AND FUND BALANCES						
Operational reserve	200 000 000	-	-	40 200 000	-	-
Reserve for Field Accommodation	-	-	25 000 000	-	-	-
Cumulative operating surplus	-	-	4 214 239	-	-	-
Unexpended resources						
General resources	462 039 008	-	-	400 644 300	6 978 339	75 183 710
Cost-sharing	377 818 791	-	-	16 174 071	-	-
Special Measures for the Least Developed Countries	12 699 271	-	-	-	-	-
Cash counterpart	10 966 792	-	-	-	-	-
Extrabudgetary activities	39 862 305	1 673 736	-	-	-	-
Sub-trust funds	-	-	-	34 420 468	-	-
TOTAL RESERVES AND FUNDS BALANCES	1 103 386 167	1 673 736	29 214 239	491 438 839	6 978 339	75 183 710
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	1 838 058 177	14 490 684	54 761 852	571 991 086	7 633 927	134 193 596

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a/ See note 12.

b/ See note 15.

c/ See note 19.

d/ See note 22.

The accompanying notes are an integral part of the financial statements.

STATEMENT III

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: Statement of cash flows for the biennium ended 31 December 1995

(United States dollars)

	1994-1995
CASH FLOWS FROM OPERATING ACTIVITIES	
Net excess income over expenditure	490 457 855
Decrease in other accounts receivable	2 010 413
Increase in operating funds provided to Governments (net)	(48 328 627)
Increase in operating funds provided to executing agencies (net)	(15 002 420)
Increase in reserve for transitional measures	1 235 774
Increase in reserve for budgeted separations	5 997 868
Decrease in unliquidated obligations	(9 890 744)
Increase in accounts payable	11 308 731
Net cash from operating activities	437 788 850
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES	
Increase in due from UNFPA	(4 102 244)
Increase in inter-fund balances (net)	223 683 208
Increase in accrued interest	(9 067 099)
Decrease in due to United Nations	(3 743 227)
Increase in due to UNOPS	5 170 453
Net cash from investing and financing activities	211 941 091
CASH FLOWS FROM OTHER SOURCES	
Savings on prior biennium's obligations	6 003 775
Transfers to reserves	(22 400 000)
Transfers from other funds	182 216
Transfers of resources to UNOPS	(10 238 364)
Net cash from other sources	(26 452 373)
NET INCREASE/(DECREASE) IN CASH, LETTERS OF CREDITS AND INVESTMENTS	623 277 568
CASH, LETTERS OF CREDIT AND INVESTMENTS AS AT 1 JANUARY 1994	954 029 836
CASH, LETTERS OF CREDIT AND INVESTMENTS AS AT 31 DECEMBER 1995	1 577 307 404

STATEMENT IV

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: Summary of movement in resources for the biennium ended 31 December 1995

(United States dollars)

	Special Measures Fund for the Least Developed Countries	Cost-sharing	Cash counterpart	Extrabudgetary activities	General resources	Total
Balance as at 1 January 1994	17 843 055	222 670 226	6 469 577	43 199 048	149 198 779	439 380 685
Transfer of resources to UNOPS	-	-	-	(8 080 609)	(2 157 755)	(10 238 364) b/
Transfer between resources a/	-	(18 177 009)	-	20 140 261	(1 963 252)	-
Transfer to/from reserves	-	-	-	-	(22 400 000)	(22 400 000)
Transfer from other funds	-	-	-	-	182 216	182 216
Savings from prior biennium's obligations	-	-	-	-	6 003 775	6 003 775
	17 843 055	204 493 217	6 469 577	55 258 700	128 863 763	412 928 312
Income received	19 290	1 197 388 137	18 571 295	83 291 098	1 955 166 498	3 254 436 318
Less: Expenditure						
Programme expenditure	5 163 074	978 045 235	13 580 826	-	1 017 357 886	2 014 147 021
Programme support costs	-	46 017 328	493 254	-	276 635 828	323 146 410
Other expenditure	-	-	-	98 687 493	327 997 539	426 685 032
Total expenditure	5 163 074	1 024 062 563	14 074 080	98 687 493	1 621 991 253	2 763 978 463
Surplus income/(expenditure)	(5 143 784)	173 325 574	4 497 215	(15 396 395)	333 175 245	490 457 855 c/
Balance as at 31 December 1995 (statement II)	12 699 271	377 818 791	10 966 792	39 862 305	462 039 008	903 386 167

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a/ Transfer of cost-sharing income and indicative planning figure add-on funds to extrabudgetary resources. See schedule 7.

b/ See note 21.

c/ As shown on statement I.

The accompanying notes are an integral part of the financial statements.

SCHEDULE 1

UNITED NATIONS DEVELOPMENT PROGRAMME

Details of expenditure for the biennium ended 31 December 1995

(United States dollars)

	UNDP Account			Other Programmes		
	General Fund	IAPSO	Reserve for Field Accommodation	Funds & Trust Funds	Junior Professional Officers Programme	Management Service Agreements
Programme expenditure	2 014 147 021 a/	-	-	444 008 741	41 609 343	286 080 973
Programme support costs						
Agency support costs and technical support services	136 250 804 b/	-	-	18 024 849	-	-
Programme support and development activities	173 636 789 c/	-	-	-	-	-
UNDP sectoral support costs	13 258 817	-	-	-	-	-
Biennial budget expenditure (net) (schedule 2)	328 027 703	-	-	21 270 955	-	-
Extrabudgetary expenditure	98 687 493 d/	3 962 993 d/	-	59 935	-	-
Administrative costs	-	-	-	10 918 731	-	-
Support costs charged to Other Programmes	-	-	-	3 794 238	4 984 893	-
Repair and maintenance	-	-	5 652 290	-	-	-
Loss on sale of property	-	-	23 754	-	-	-
Other expenditures	-	-	71 419	3 405 241 e/	-	-
Total (statement I)	2 764 008 627	3 962 993	5 747 463	501 482 690	46 594 236	286 080 973
				(schedule 8)	(schedule 11)	(schedule 12)

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a/ See schedule 5.

b/ See schedule 5.1.

c/ See schedule 2.

d/ See schedule 7.

e/ Shown as technical support costs in schedule 8.

SCHEDULE 2

UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP biennial budget: administrative services, programme support and development activities costs for the biennium ended 31 December 1995

(United States dollars)

		Expenditure					
	Revised appropriations a/	Disbursement	Unliquidated obligations	Gross expenditure	Income received	Net expenditure	Unencumbered balance
UNDP CORE ACTIVITIES:							
Headquarters	148 568 500	136 493 325	11 310 755	147 804 080	-	147 804 080	764 420
Country Office	230 305 500	206 215 013	10 351 395	216 566 408	-	216 566 408	13 739 092
	378 874 000	342 708 338	21 662 150	364 370 488 b/	-	364 370 488	14 503 512
Income received	36 700 000	-	-	-	36 342 785	36 342 785	357 215
	342 174 000	342 708 338	21 662 150	364 370 488	36 342 785 d/	328 027 703 c/	14 146 297
PROGRAMME SUPPORT AND DEVELOPMENT ACTIVITIES:							
Programme development activities	25 980 600	22 069 220	559 059	22 628 279	-	22 628 279	3 352 321
Support to the operational activities of the United Nations	93 157 300	84 228 689	4 228 034	88 456 723 b/	-	88 456 723	4 700 577
Programme support	2 300 000	2 047 453	-	2 047 453	-	2 047 453	252 547
Project/programme implementation services:							
Development support services	6 225 000	5 690 734	598 297	6 289 031	-	6 289 031	(64 031)
Inter-Agency Procurement Services Office	6 140 300	4 997 795	140 291	5 138 086	-	5 138 086	1 002 214
United Nations Volunteers programme	33 619 900	32 945 949	665 935	33 611 884	-	33 611 884	8 016
National execution	3 263 400	2 883 170	23 703	2 906 873	-	2 906 873	356 527
	49 248 600	46 517 648	1 428 226	47 945 874	-	47 945 874	1 302 726
Total without UNOPS	170 686 500	154 863 010	6 215 319	161 078 329	-	161 078 329	9 608 171
UNOPS		12 558 460	-	12 558 460	-	12 558 460 e/	
Total with UNOPS		167 421 470	6 215 319	173 636 789	-	173 636 789 c/	

SCHEDULE 2 (concluded)

	Revised appropriations a/	Expenditure					Unencumbered balance
		Disbursement	Unliquidated obligations	Gross expenditure	Income received	Net expenditure	
FUNDS AND TRUST FUNDS:							
United Nations Capital Development Fund	10 651 900	8 531 574	250 108	8 781 682	-	8 781 682	1 870 218
United Nations Revolving Fund for Natural Resources Exploration and United Nations Fund for Science and Technology for Development	1 653 100	1 245 792	6 930	1 252 722 f/	-	1 252 722	400 378
Trust Fund to Combat Desertification and Drought	6 614 800	5 536 833	101 994	5 638 827	-	5 638 827	975 973
United Nations Development Fund for Women	5 912 400	5 419 831	177 893	5 597 724	-	5 597 724	314 676

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a/ As approved by the Executive Board at its third regular session in September 1995.

b/ See note 8 and schedule 6.

c/ See schedule 1.

d/ See note 7.

e/ Represents UNOPS biennial budget expenditure incurred in 1994. See note 21.

f/ Breakdown of expenditure is as follows:

	Disbursements	Unliquidated obligations	Total expenditure
United Nations Revolving Fund for Natural Resources Exploration	887 754	6 930	894 684
United Nations Fund for Science and Technology for Development	358 038	-	358 038
	1 245 792	6 930	1 252 722

SCHEDULE 3

UNITED NATIONS DEVELOPMENT PROGRAMME

Investments as at 31 December 1995

(United States dollars)

UNDP ACCOUNT		1995
Interest-bearing current accounts		7 722 218
Call accounts		2 859 204
Time deposits		1 242 997 463
Bonds and notes		200 376 120
Other Securities		97 573 362
Total	(statement II)	1 551 528 367

FUNDS AND TRUST FUNDS

United Nations Capital Development Fund

Interest-bearing current accounts		6 499
Call accounts		1 900
Time deposits		66 042 000
Bonds and notes		30 523 940
Other securities		10 000 000
Total	(schedule 8)	106 574 339

United Nations Revolving Fund for Natural Resources Exploration

Call accounts		3 000
Time deposits		1 000 000
Total	(schedule 8)	1 003 000

Trust Fund to Combat Desertification and Drought (UNSO)

Interest-bearing current accounts		1 057
Call accounts		1 800
Time deposits		14 780 000
Total	(schedule 8)	14 782 857

United Nations Volunteers Programme

Interest-bearing current accounts		6 277
Call accounts		1 000
Time deposits		27 880 000
Total	(schedule 8)	27 887 277

SCHEDULE 3 (concluded)

		1995
United Nations Fund for Science and Technology for Development		
Call accounts		1 000
Time deposits		975 000
Total	(schedule 8)	976 000
United Nations Development Fund for Women		
Call accounts		1 000
Time deposits		525 000
Total	(schedule 8)	526 000
UNDP Trust Fund for the Nationhood Programme of the Fund for Namibia		
Time deposits		520 000
Total	(schedule 8.1)	520 000
Pérez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries		
Call accounts		1 100
Time deposits		2 605 435
Bonds and notes		4 054 070
Total	(schedule 8.1)	6 660 605
Trust Fund for Environmental Conservation in Bhutan		
Time deposits		8 584 963
Bonds and notes		3 003 663
Total	(schedule 8.1)	11 588 626

SCHEDULE 4

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: Other income and expenditure for the biennium ended 31 December 1995

(United States dollars)

		1994-1995
Miscellaneous income from accounts of executing agencies (net)		1 085 586
Net adjustments on revaluation of currencies and gains/losses on exchange	(note 2 (d))	29 644 841
Miscellaneous write-offs		(178 004)
Expert hiatus financing, extended sick leave costs and compensation payments		(496 231)
Additional programme support costs (reimbursement)/recovery		(53 459)
Donations		135
Other		1 770 177
Total	(statement I)	31 773 045

SCHEDULE 5

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: programme expenditure for the biennium ended 31 December 1995

(United States Dollars)

	Indicative Planning figures											
Agency	Country	Regional	Inter-Regional	Global	Total	Indicative planning figure add-on funds	Indicative planning figure sub-line	Special Programme Resources	Special Industrial Services	Special Measures Fund for the Least Developed Countries	Cash counterpart	Total
United Nations	63 910 456	1 772 330	157 833	-	65 840 619	-	-	5 898 332	-	685 800	2 455 675	74 880 426
UNIDO	32 631 388	2 081 083	-	-	34 712 471	-	-	415 409	7 028 965	2 901	430 606	42 590 352
FAO	97 893 955	9 209 019	1 116 150	9 729	108 228 853	-	-	48 349	-	3 070	73 546	108 353 818
UNESCO	14 886 434	1 145 758	211 343	-	16 243 535	-	-	51 274	-	-	-	16 294 809
ILO	49 141 902	1 828 683	270 953	-	51 241 538	-	-	1 207 164	-	78 060	-	52 526 762
ECA	-	(1 664 608)	-	-	(1 664 608)	-	-	-	-	23 290	-	(1 641 318)
ECLAC	-	946 758	-	-	946 758	-	-	-	-	-	-	946 758
ESCAP	-	4 069 520	-	-	4 069 520	-	-	(10 161)	-	-	-	4 059 359
ESCWA	32 110	160 726	-	-	192 836	-	-	-	-	-	-	192 836
ECE	-	496 430	-	-	496 430	-	-	-	-	-	-	496 430
UNCTAD	8 220 917	3 438 438	1 838 638	-	13 497 993	-	-	668 179	-	11 963	-	14 178 135
UNCHS	28 783 436	471 277	8 550 315	-	37 805 028	-	-	297 972	-	1 500 000	2 281 989	41 884 989
ICAO	72 363 112	2 475 171	34 013	-	74 872 296	-	83 514	10 811	-	-	3 558 516	78 525 137
WHO	13 374 608	427 170	1 889 897	12 207 629	27 899 304	-	-	216 620	-	-	1 619	28 117 543
IBRD	23 895 104	11 630 357	8 298 500	10 713 853	54 537 814	-	98 332	3 383 459	-	7 788	-	58 027 393
IFC	561 496	8 382 177	358 474	-	9 302 147	-	-	-	-	-	-	9 302 147
UPU	670 265	218 424	-	-	888 689	-	-	-	-	-	-	888 689
ITU	7 779 256	1 326 882	-	-	9 106 138	-	-	-	-	-	-	9 106 138
WMO	3 872 141	374 725	22 672	-	4 269 538	-	-	-	-	-	-	4 269 538
IMO	1 115 158	105 277	-	-	1 220 435	-	-	-	-	-	-	1 220 435
WIPO	2 630 931	830 572	49 859	-	3 511 362	-	-	-	-	-	4 895	3 516 257
IAEA	751 128	1 934 707	-	-	2 685 835	-	-	-	-	-	-	2 685 835
ITC	5 552 756	2 918 593	12 342	-	8 483 691	27 507	-	-	-	-	37 594	8 548 792
WTO	3 696 270	(3 282)	-	-	3 692 988	-	-	-	-	-	-	3 692 988
AfDB	187 181	443 761	-	-	630 942	-	-	-	-	-	-	630 942
AsDB	6 739 305	149 977	-	-	6 889 282	-	-	-	-	-	-	6 889 282
IMF	3 490 463	1 512 674	682 001	-	5 685 138	-	-	25 271	-	-	-	5 710 409
AFESD	-	4 710 765	-	-	4 710 765	-	-	-	-	-	-	4 710 765
UNITAR	1 165 378	59 000	191 205	-	1 415 583	-	-	-	-	-	-	1 415 583
EBRD	-	264 169	171 313	-	435 482	-	-	440 021	-	-	-	875 503
UNV	19 841 380	93 149	-	-	19 934 529	-	-	359 101	-	-	-	20 293 630
Governments	1 086 833 149	12 040 716	358 800	-	1 099 232 665	4 715 077	2 858 297	22 821 734	-	1 872 363	2 971 959	1 134 472 095
UNOPS	147 185 833	27 650 238	5 347 651	12 772 847	192 956 569	1 153 063	274 449	78 539 401	-	1 015 645	1 764 427	275 703 554
UNDP-Other	1 148 855	(1 440 629)	-	-	(291 774)	-	-	957 752	-	-	-	665 978
Non-governmental organizations	-	115 032	-	-	115 032	-	-	-	-	-	-	115 032
Total (inclusive of cost-sharing)	1 698 354 367	100 175 039	29 561 959	35 704 058	1 863 795 423	5 895 647	3 314 592	115 330 688	7 028 965	5 200 880	13 580 826	2 014 147 021
Charged to: Source of funds as per column heading	784 850 848	85 234 644	14 555 227	34 113 323	918 754 042	5 790 140	2 188 704	83 596 035	7 028 965	5 163 074	13 580 826	1 036 101 786
Cost-sharing	913 503 519	14 940 395	15 006 732	1 590 735	945 041 381	105 507	1 125 888	31 734 653	-	37 806	-	978 045 235
Total (inclusive of cost-sharing)	1 698 354 367	100 175 039	29 561 959	35 704 058	1 863 795 423	5 895 647	3 314 592	115 330 688	7 028 965	5 200 880	13 580 826	2 014 147 021

(schedule 1)

SCHEDULE 5.1

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: agency support costs and technical support services for the biennium ended 31 December 1986 a/

(United States dollars)

			Administrative and operational support services					Old Regime			
Agency	Technical support services I	Technical support services II	IPF Sub-line	Special Programme Resources	Special Measures Fund for the Least Developed Countries	Special Industrial Services	Central Resource Charges	Execution	Cash counterpart	Cooperating Agency	Total
United Nations	5 472 753	4 807 218	3 692 909	554 243	-	-	-	3 321 837	85 949	438 479	18 373 388
UNIDO	3 030 458	2 438 782	3 607 800	-	-	6 439	-	2 888 107	14 643	338 332	12 324 561
FAO	4 910 604	3 948 869	6 917 535	-	-	-	-	7 970 790	124 945	425 815	24 298 558
UNESCO	3 003 139	1 273 829	1 876 656	(291)	-	-	-	632 547	-	91 508	6 877 388
ILO	5 278 547	2 388 957	3 033 360	116 612	4 628	-	-	3 582 171	-	262 359	14 666 634
ECA	-	-	-	-	-	-	-	(213 371)	-	-	(213 371)
ECLAC	-	-	-	-	-	-	-	123 079	-	18 606	141 685
ESCAP	-	-	452 226	-	-	-	135 668	(60 177)	-	-	527 717
ESCWA	-	-	14 608	74	-	-	4 405	5 982	-	-	25 069
ECE	-	-	50 109	-	-	-	15 033	1 632	-	-	66 774
UNCTAD	-	-	1 120 549	-	-	-	336 164	744 004	-	66 818	2 267 535
UNCHS	-	-	-	-	-	-	-	5 148 390	79 870	87 400	5 315 660
ICAO	-	-	2 418 902	-	-	-	516 274	4 622 402	124 548	209 241	7 891 367
WHO	-	-	2 134 754	-	-	-	640 426	922 372	57	28 619	3 726 228
IBRD	-	-	2 336 494	150 722	-	-	-	3 254 251	-	94 326	5 835 793
IFC	-	-	129 431	-	-	-	-	1 045 299	-	8 121	1 182 851
UPU	-	-	47 548	-	-	-	14 163	141 774	-	377	203 862
ITU	-	-	1 801 896	-	-	-	168 522	1 603 979	-	48 411	3 622 808
WMO	-	-	223 960	-	-	-	67 188	1 258 962	-	3 574	1 553 684
IMO	-	-	33 090	-	-	-	9 927	233 629	-	-	276 646
WIPO	-	-	340 664	-	-	-	91 183	458 283	171	27 948	918 249
IAEA	-	-	239 436	-	-	-	71 909	284 030	-	6 784	602 159
ITC	-	-	781 554	-	-	-	634 549	772 180	1 316	99 160	2 288 759
WTO	-	-	305 672	-	-	-	86 357	367 722	-	513	760 264
AfDB	-	-	-	-	-	-	-	85 972	-	-	85 972
AsDB	-	-	162 458	-	-	-	38 058	737 091	-	19 702	957 309
IMF	-	-	603 607	591	-	-	181 258	172 546	-	44 491	1 002 493
AFESD	-	-	-	-	-	-	-	376 152	-	-	376 152
UNITAR	-	-	-	-	-	-	-	184 026	-	-	184 026
EBRD	-	-	87 550	-	-	-	-	-	-	-	87 550
UNOPS	-	-	14 687 310	4 674 810	15 651	-	-	10 478 341	61 755	711 751	30 629 618
UNDP-Other	123 204	-	-	6 027	-	-	-	201 136	-	9 308	339 675
UNEP	-	-	14 082	-	-	-	-	-	-	-	14 082
Total (inclusive of cost-sharing)	21 818 705	14 857 655	47 114 160	5 502 788	20 279	6 439	3 011 084	51 345 138	493 254	3 041 643	147 211 145
Charged to:											
Source of funds as per column heading	21 818 705	14 646 615	20 486 165	5 211 412	20 279	6 439	1 724 234	40 639 913	493 254	(3 853 199)	101 193 817
Cost-sharing	-	211 040	26 627 995	291 376	-	-	1 286 850	10 705 225	-	6 894 842	46 017 328
Total (inclusive of cost-sharing)	21 818 705	14 857 655	47 114 160	5 502 788	20 279	6 439	3 011 084	51 345 138	493 254	3 041 643	147 211 145
Less: UNOPS											10 960 341 b/
Adjusted Total											136 250 804

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a/ See note 2(c).

b/ See note 21.

SCHEDULE 6

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: Expenditure against UNDP core activities by major category of expenditure for the biennium ended 31 December 1995

(United States dollars)

Programme	Revised appropriations	Expenditure		
		Disbursements	Unliquidated obligations	Total
Salaries and wages	200 790 300	186 241 723	1 893 984	188 135 707
Common staff costs	135 600 100	128 153 046	12 821 705	140 974 751
Travel on official business	12 344 100	10 576 827	831 982	11 408 809
Contractual services	9 398 500	7 286 746	663 067	7 949 813
Generating operating expenses	69 639 000	56 139 401	3 101 186	59 240 587
Supplies and materials	8 693 100	6 085 788	369 804	6 455 592
Acquisition of furniture and equipment	19 854 700	13 875 378	3 408 327	17 283 705
UNDP share of joint activities within the United Nations system	15 711 500	18 578 118	2 800 129	21 378 247
Total	472 031 300	426 937 027	25 890 184	452 827 211 a/

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a/ Shown on schedule 2 as UNDP core activities ($364,370,488) and support to the operational activities of the United Nations ($88,456,723).

SCHEDULE 7

UNITED NATIONS DEVELOPMENT PROGRAMME

General Fund: extrabudgetary income and expenditure for the biennium ended 31 December 1995

(United States dollars)

	Balance as at 1 January 1994	Income received	Transfer between resources	Expenditure				Balance as at 31 December 1995
				Disbursements	Unliquidated obligations	Savings in liquidating obligations of prior bienniums	Total expenditure	
Support services provided by UNDP core to UNDP non-core activities and trust funds administered by UNDP	9 614 956	26 373 542	-	26 895 875	654 707	464 520	27 086 062	8 902 436
Programme and administrative support in country offices	26 140 026	38 699 317	20 140 261 a/	52 997 684	1 682 970	379 965	54 300 689	30 678 915
Administrative support of activities financed by the Reserve for Field Accommodation	258 403	381 069	-	256 572	101 946	-	358 518	280 954
UNOPS activities related to Trust Funds and Management Service Agreements	7 185 663	17 837 170	(8 080 609) b/	17 194 012	-	251 788	16 942 224	-
Total (statement IV)	43 199 048	83 291 098	12 059 652	97 344 143	2 439 623	1 096 273	98 687 493	c/ 39 862 305
Procurement services provided by the Inter-Agency Procurement Services Office	381 064	5 255 665	-	3 960 486	21 600	19 093	3 962 993	c/ 1 673 736
	43 580 112	88 546 763	12 059 652	101 304 629	2 461 223	1 115 366	102 650 486	41 536 041

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a/ Transferred from cost-sharing and general resources. See statement IV.

b/ Transferred to UNOPS. See note 21 and statement IV.

c/ As shown in schedule 1.

SCHEDULE 8

UNITED NATIONS DEVELOPMENT PROGRAMME

Funds and trust funds administered by UNDP: statement of accounts for the biennium ended 31 December 1995

(United States dollars)

	United Nations Capital Development Fund	United Nations Revolving Fund for Natural Resources Exploration	Trust Fund to Combat Desertification and Drought	United Nations Volunteers Programme	United Nations Fund for Science and Technology for Development	United Nations Development Fund for Women
INCOME AND EXPENDITURE						
Voluntary contributions	63 902 461	2 632 000	641 542	3 434 355	183 022	24 849 519
Cost-sharing contributions	305 279	-	8 489 065	-	-	5 731 784
Sub-trust fund contributions	5 846 867	-	2 407 252	16 145 494	-	2 710 996
Interest income	11 659 434	98 462	1 096 292	2 707 085	129 190	486 752
Other income/(expenditure)	(216 337)	62 944	(25 766)	9 304 862	17 444	583 006
	81 497 704	2 793 406	12 608 385	31 591 796	329 656	34 362 057
Less: Expenditure						
Programme expenditure						
General resources	82 738 158	458 317	4 238 578	11 253 221	192 641	22 714 429
Cost-sharing	313 774	-	10 570 983	-	138 045	5 255 677
Sub-trust funds	3 764 388	8 357	2 078 513	10 113 667	158 885	2 044 883
Agency support costs						
General resources	2 528 665	(10)	83 083	-	11 024	232 989
Cost-sharing	7 143	-	455 088	-	10 809	81 519
Sub-trust funds	155 441	-	113 650	781 372	20 652	236 627
Biennial budget expenditure	8 781 682	894 684	5 638 827	-	358 038	5 597 724
Technical support costs	1 749 137	491 190	-	-	-	1 164 914
Extrabudgetary activities	-	-	-	-	59 935	-
Administrative costs	-	-	-	-	-	-
UNDP support costs	-	-	-	-	-	-
	100 038 388	1 852 538	23 178 722	22 148 260	950 029	37 328 762
Surplus income/(expenditure)	(18 540 684)	940 868	(10 570 337)	9 443 536	(620 373)	(2 966 705)
ASSETS						
Cash	421 616	129 845	4 352	9 406	61 579	3 831
Government letters of credit	-	-	-	-	-	-
Investments	106 574 339	1 003 000	14 782 857	27 887 277	976 000	526 000
Loans to Governments	9 671 809	522 345	-	-	-	-
Operating funds provided to Governments	-	-	4 281 202	-	201 814	2 278 850
Operating funds provided to executing agencies	1 590 172	-	518 475	-	9 865	281 626
Due from UNDP	10 486 874	1 511 987	4 823 877	4 981 765	-	5 557 093
Other accounts receivable and deferred charges	2 561 879	-	1 295 110	1 335 931	157 621	30 157
Accrued interest	1 411 636	9 740	134 081	411 098	3 616	9 278
	132 718 325	3 176 917	25 839 954	34 625 477	1 410 495	8 686 835

SCHEDULE 8 (continued)

LIABILITIES						
Operating funds payable to Governments	-	-	391 897	-	35 799	21 178
Operating funds payable to executing agencies	1 282 045	-	-	-	19 257	40 934
Unliquidated obligations	11 034 151	10 280	606 885	206 134	15 020	605 312
Accounts payable	-	-	16 460	1 611 433	-	6 616
Due to UNDP	-	-	-	-	215 589	-
Management service agreements	-	-	435 304	-	-	-
Extrabudgetary account	2 960 599	-	132 299	2 231 429	9 903	186 209
Other liabilities	-	-	-	4 285 591	-	-
	15 276 795	10 280	1 582 845	8 334 587	295 568	860 249
Operational reserve	40 200 000	-	-	-	-	-
Unexpended resources a/						
General resources	74 022 279	3 102 028	17 526 443	12 875 578	676 869	4 100 664
Cost-sharing	128 365	-	5 755 984	-	34 144	2 119 264
Sub-trust funds	3 090 886	64 609	974 682	13 415 312	403 914	1 606 658
	77 241 530	3 166 637	24 257 109	26 290 890	1 114 927	7 826 586
	132 718 325	3 176 917	25 839 954	34 625 477	1 410 495	8 686 835
	(note 23)	(note 24)	(note 25)	(note 26)	(note 27)	(note 28)

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a/ Unspent allocations	209 528 056	385 452	14 919 491	19 721 963	680 887	20 730 692

Allocations exceeding resources were issued on the basis of contributions due from donor Governments, which are detailed in note 33.

SCHEDULE 8 (continued)

	UNDP Energy Account	Trust Fund for the Global Environment Facility	"Capacity 21" Trust Fund	Multilateral Fund for the Implementation of Montreal Protocol	Other Trust Funds Administered by UNDP	TOTAL
INCOME AND EXPENDITURE						
Voluntary contributions	4 986	115 900 000	26 048 444	89 406 843	222 037 457	549 040 629
Cost-sharing contributions	3 431 087	6 720 469	209 640	-	4 442 236	29 329 560
Sub-trust fund contributions	32 000	5 239 742	1 996 051	205 000	7 241 207	41 824 609
Interest income	225 922	3 027 996	1 506 912	1 523 055	5 796 694	28 257 794
Other income/(expenditure)	10 845	176 919	-	(3 862)	(116 776)	9 793 279
	3 704 840	131 065 126	29 761 047	91 131 036	239 400 818	658 245 871
Less: Expenditure						
Programme expenditure						
General resources	2 393 381	89 450 467	7 045 826	33 944 484	149 256 827	403 686 329
Cost-sharing	-	1 191 860	82 990	-	3 110 875	20 664 204
Sub-trust funds	26 014	639 992	70 578	-	752 931	19 658 208
Agency support costs						
General resources	162 368	5 013 722	389 709	2 161 591	5 471 442	16 054 583
Cost-sharing	-	18 755	-	-	-	573 314
Sub-trust funds	-	-	6 352	-	82 858	1 396 952
Biennial budget expenditure	-	-	-	-	-	21 270 955
Technical support costs	-	-	-	-	-	3 405 241
Extrabudgetary activities	-	-	-	-	-	59 935
Administrative costs	434 498	7 866 903	1 241 773	1 358 064	17 493	10 918 731
UNDP support costs	-	-	-	-	3 794 238	3 794 238
	3 016 261	104 181 699	8 837 228	37 464 139	162 486 664	501 482 690
Surplus income/(expenditure)	688 579	26 883 427	20 923 819	53 666 897	76 914 154	156 763 181
ASSETS						
Cash	-	-	-	-	4 932	635 561
Government letters of credit	-	3 000 000	-	-	-	3 000 000
Investments	-	-	-	-	18 769 231	170 518 704
Loans to Governments	-	-	-	-	-	10 194 154
Operating funds provided to Governments	37 901	4 863 476	741 431	550 834	2 072 885	15 028 393
Operating funds provided to executing agencies	110 736	357 348	137 413	-	758 963	3 764 598
Due from UNDP	4 676 597	58 420 902	39 862 410	90 610 035	140 430 251	361 361 791
Other accounts receivable and deferred charges	-	-	-	-	11 202	5 391 900
Accrued interest	-	-	-	-	116 536	2 095 985
	4 825 234	66 641 726	40 741 254	91 160 869	162 164 000	571 991 086

SCHEDULE 8 (concluded)

LIABILITIES						
Operating funds payable to Governments	9 048	31 121	-	-	112 930	601 973
Operating funds payable to executing agencies	8 958	10 701 247	-	-	2 837 137	14 889 578
Unliquidated obligations	64 473	10 691 038	504 570	18 991 528	8 674 347	51 403 738
Accounts payable	-	-	-	-	80 656	1 715 165
Due to UNDP	-	-	-	-	1 194 466	1 410 055
Management service agreements	-	-	-	-	-	435 304
Extrabudgetary account	-	-	-	-	-	5 520 439
Other liabilities	-	-	-	-	290 404	4 575 995
	82 479	21 423 406	504 570	18 991 528	13 189 940	80 552 247
Operational reserve	-	-	-	-	-	40 200 000
Unexpended resources b/						
General resources	4 736 769	34 000 629	38 190 913	71 964 341	139 447 787	400 644 300
Cost-sharing	-	6 495 220	126 650	-	1 514 444	16 174 071
Sub-trust funds	5 986	4 722 471	1 919 121	205 000	8 011 829	34 420 468
	4 742 755	45 218 320	40 236 684	72 169 341	148 974 060	451 238 839
	4 825 234	66 641 726	40 741 254	91 160 869	162 164 000	571 991 086
	(note 29)	(note 30)	(note 31)	(note 32)	(schedule 8.1)	

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b/ Unspent allocations	4 873 434	138 823 121	13 746 449	46 217 655	70 023 066	539 650 266

Allocations exceeding resources were issued on the basis of contributions due from donor Governments, which are detailed in note 33.

SCHEDULE 8.1

UNITED NATIONS DEVELOPMENT PROGRAMME

Funds and trust funds: status of other trust funds administered by UNDP for the biennium ended 31 December 1995

(United States dollars)

Name of Trust Fund	Balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995	Unspent Allocations
UNDP Trust Fund for the Nationhood Programme of the Fund for Namibia	173 366	57 609	102 891	128 084	-
Trust Fund for the Training in the Russian Federation of Specialists from Developing Countries	133 038	334	133 372	-	- [a]
Trust Fund for the Special Netherlands Contribution for the Least Developed Countries	960 616	71 468	352 581	679 503	502 798
UNDP Trust Fund for Developing Countries Afflicted by Famine and Malnutrition	870 193	1 930 016	1 508 490	1 291 719	1 235 695
Perez-Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries	6 294 410	722 429	863 448	6 153 391	272 558
UNDP Trust Fund for Assistance to Refugee-related Development Projects in Africa	1 619 602	79 168	896 911	801 859	553 547
UNDP Trust Fund to Combat Poverty and Hunger in Africa	662 095	64 083	-	726 178	34 864
Trust Fund for the Norwegian Contribution to the Angolan Petroleum Training Centre in Sumbe	530 676	40 778	-	571 454	-
UNDP Trust Fund for Humanitarian and Rehabilitation Assistance for Cambodia	884 897	92 835	843 318	134 414	39 603
Trust Fund for Emergency Assistance to the People's Republic of Mozambique	1 674 692	121 241	384 875	1 411 058	989 465
Trust Fund for Environmental Conservation in Bhutan	10 404 518	1 552 846	264 222	11 693 142	12 482
Trust Fund for the Reintegration of Demobilized Military Personnel in Mozambique	-	37 925 828	28 689 705	9 236 123	8 546 635
UNDP Trust Fund for Rwanda	-	20 704 699	3 829 638	16 875 061	4 639 598
Australian Development Assistance Bureau (ADAB)/ UNDP Programme Trust Fund	701 361	75 459	42 798	734 022	6 392
CIDA (Canadian International Development Agency)/UNDP Trust Fund for the Bangladesh National Household Survey Capability Programme	168 629	9 290	98 958	78 961	13 763
CIDA/UNDP Trust Fund for the Caribbean Project Development Facility	(6 689)	-	(6 689)	-	20 664
UNDP Trust Fund for Receipt of Payment by Users of the Caribbean Project Development Facility	980 506	52 997	1 003 421	30 082	81 588
CIDA/UNDP Trust Fund for the Pakistan National Household Survey Capability Programme	76 018	5 693	12 115	69 596	21 299
UNDP Trust Fund for Action on Development Issues	(270 582)	2 018 000	1 565 221	182 197	147 649
UNDP Trust Fund for Assistance to the Technical Cooperation Fund between Peru and Argentina to Administer Food Aid	195 671	15 091	831	209 931	78 355

SCHEDULE 8.1 (continued)

Name of Trust Fund	Balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995	Unspent Allocations
UNDP/Live Aid Foundation Trust Fund	43 650	3 354	-	47 004	-
UNDP/United Support of Artists for Africa Trust Fund	295 500	23 545	-	319 045	-
Government of France Trust Fund for the UNDP/World Bank Energy Sector Assessment Programme	1 320 693	99 510	320 008	1 100 195	744 571
Nicosia Master Plan: Implementation Phase	88 829	3 953	89 838	2 944	-
Finland/UNDP Trust Fund for the Construction of an Agro-Veterinary School in Rushashi	1 260 684	103 156	201 800	1 162 040	302 092
Finland Trust Fund for National Technical Cooperation Assessment and Programme Activities	980 818	72 822	104 211	949 429	642 477
CIDA/UNDP Trust Fund for the African Project Development Facility	154 047	149 490	312 127	(8 590)	23 547
Netherlands Trust Fund for the Special Action Programme for Public Administration and Management	2 584 885	187 834	608 549	2 164 170	1 080 663
Trust Fund for Special Economic Assistance Programmes	219 753	16 884	-	236 637	17 046
UNDP Trust Fund for Receipt of Payments by Users of the African Project Development Facility	654 979	221 553	696 148	180 384	-
CIDA/UNDP Trust Fund to Support to the Project "Recensement général de la population et de l'habitat" in Senegal	499 866	52 676	112 415	440 127	66 600
UNDP Trust Fund for the African 2000 Network	5 659 491	1 961 529	6 649 674	971 346	1 026 921
UNDP Trust Fund in Support of the Steering Committee and Secretariat for the United Nations Programme of Action for African Economic Recovery and Development	244 540	16 608	246 967	14 181	13 540
African Training and Management Services Project	1 084 531	984 219	1 761 086	307 664	1 877 528
UNDP Afghanistan Emergency Trust Fund	25 270	42 113	162 982	(95 599)	408 765
UNDP Fund for the Utilization of the Residual Funds of the United Nations Special Relief Office in Bangladesh	590 448	52 915	(28 536)	671 899	206 623
UNDP Fund for Emergency Assistance to the People's Republic of Bangladesh	158 732	15 356	14 777	159 311	-
UNDP Fund for the Programme of Assistance to the Palestinian People	11 409 782	66 439 362	47 141 478	30 707 666	30 169 188
UNDP Trust Fund for Social Mobilization for Development	1 254	35	1 289	-	- a/
UNDP Trust Fund for Emergency Humanitarian Assistance to Angola	169 206	9 806	179 012	-	-
UNDP Trust Fund for Namibia	945 333	597 584	1 117 825	425 092	375 586
UNDP/Norway Trust Fund for the Special Plan of Economic Cooperation for Central America	16 311	1 257	(415)	17 983	25 781
UNDP Trust Fund for the Regional Project "Cultural Heritage and Development"	33 883	10 469	-	44 352	30 173
UNDP Trust Fund for Protection of the Ozone Layer	50 364	3 841	8 069	46 136	19 153

SCHEDULE 8.1 (continued)

Name of Trust Fund	Balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995	Unspent Allocations
Trust Fund Agreement between UNDP/IMPACT and the Malaysian Organizing Committee for Sportsaid '88	503 296	26 234	15 360	514 170	70 341
Global Consultation on Water Supply and Sanitation for the 1990s	41 530	4 156	(31 910)	77 596	76 295
UNDP Trust Fund for the Republic of Maldives	161 452	(134 675)	-	26 777	3 013
UNDP/Switzerland Trust Fund for Namibia	18 220	(3 404)	14 475	341	-
UNDP/JAIDO (Japan International Development Organization) Trust Fund for Sea Island Cotton Pilot Production	91 094	7 008	-	98 102	77 578
UNDP Trust Fund for the Independent International Commission on Health Research for Developing Countries	16 675	9 954	26 629	-	- b/
World Maritime University Trust Fund	194 688	91 564	176 750	109 502	100 000
Disaster Management Training Programme	34 285	8 282	8 217	34 350	-
Government of Germany Trust Fund for the UNDP/World Bank Energy Sector Management Assistance Programme	112 167	1 362 899	898 216	576 850	-
Elaboration of Methods and Techniques of Operationalizing the Human Development Concept	(33 937)	676	(33 533)	272	33 235
Family Health International Trust Fund	1 035	444	1 479	-	- a/
Rehabilitation Assistance to Anhui Province following Flood Disaster	6 546	111	6 657	-	- a/
Trust Fund for the FMLN (Frente Farabundo Martí para la Liberación Nacional) Relocation Points in El Salvador	711 403	601 258	1 196 470	116 191	78 120
Trust Fund to Mainstream Human Development into Operational Activities	1 445 777	91 098	408 830	1 128 045	1 046 290
International Development Research Centre Trust Fund for Information Management Training Series	(11 140)	-	-	(11 140)	3 664
UNDP Trust Fund for the Mozambique Demobilization Programme	5 565 362	(4 087 204)	1 321 129	157 029	121 420
UNDP Trust Fund for the Baltic Republics	584 961	1 588 936	360 407	1 813 490	485 143
Trust Fund for Democratization Support to the Electoral Process in Guinea-Bissau	18 971	1 212 239	1 198 815	32 395	-
Trust Fund in Support of Peace-building Activities in El Salvador	4 083 800	2 800 820	3 058 278	3 826 342	399 989
Trust Fund for UNDP History Project	45 977	29 046	50 136	24 887	21 746
UNDP/Denmark Trust Fund for Electoral Assistance Project in Burundi	150 000	4 781	-	154 781	150 000
UNDP/Norway Trust Fund for Assistance to the Electoral Process in Mozambique	676 361	23 684 929	23 991 979	369 311	1 188 237
UNDP Trust Fund for Capacity-building in the Demining Operation for Cambodia	2 432 783	12 594 361	13 909 645	1 117 499	1 627 141
UNDP Trust Fund for the Council on Health Research for Development	-	716 600	671 481	45 119	722 795

SCHEDULE 8.1 (continued)

Name of Trust Fund	Balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995	Unspent Allocations
UNDP/Netherlands Organization for International Development Cooperation/Group of Resource Persons for Awareness Creation for Environment and Sustainable Development in Asia	-	56 096	-	56 096	-
UNDP/CIDA Trust Fund for Non-formal Education: Youth Centres Project	-	707 000	735 497	(28 497)	-
Support to the Joint Group in El Salvador	-	934 746	871 465	63 281	42 234
Trust Fund on the United Nations Consolidated Inter-Agency Appeal for Tajikistan	-	283 209	-	283 209	-
UNDP/Switzerland Trust Fund for Aid Management and Aid Coordination in Kyrgyzstan	-	592 716	-	592 716	350 000
Sweden Trust Fund for Making the Human Development Report and the Human Development Index Gender Sensitive	-	1 702 345	999 961	702 384	615 230
UNDP/IDA Trust Fund for the National Environment Support Programme in Mozambique	-	306 848	81 684	225 164	207 919
UNDP Trust Fund for the Mozambique Mine-clearance Programme	-	6 783 565	6 388 215	395 350	139 850
UNDP Trust Fund for Urgent Human Needs in Uzbekistan	-	816 546	456 758	359 788	199 046
Trust Fund in Support of the Ministry of Foreign Affairs in Kyrgyzstan	-	421 639	136 886	284 753	348 323
Trust Fund in Support of National Capacity-building in External Aid Resources Management	-	790 754	-	790 754	1 350 000
Trust Fund for the Aral Sea Basin Programme	-	1 155 542	423 448	732 094	1 183 555
UNDP/Denmark Trust Fund for the Local Initiative Facility for Urban Environment (LIFE) in Urban Areas in Thailand	-	383 774	27 253	356 521	372 997
UNDP/Japan Trust Fund in Support of Reintegration Activities in Haiti	-	2 600 000	-	2 600 000	-
UNDP/Switzerland Pooling Agreement for Technical Assistance to the Health Sector	-	2 011 659	12 503	1 999 156	1 090 438
Sweden Trust Fund for Support to the Cambodia Resettlement and Reintegration Programme	-	2 799 886	1 459 476	1 340 410	1 353 557
Sweden Trust Fund for Support to the Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea	-	2 054 795	-	2 054 795	-
Sweden Trust Fund for Support to Demining Programmes in Cambodia through the Cambodia Mine Action Centre	-	1 377 410	-	1 377 410	-
Trust Fund for the German Edition of the Human Development Report (1994 and 1995)	-	42 355	47 039	(4 684)	-
UNDP Trust Fund for Technical Assistance to Electoral Processes	-	62 500	-	62 500	-
UNDP/DEVNET (Development Network) Trust Fund for Technological Information Pilot Systems	-	160 000	120 912	39 088	39 088

SCHEDULE 8.1 (concluded)

Name of Trust Fund	Balance as at 1 January 1994	Income	Expenditure	Balance as at 31 December 1995	Unspent Allocation
Europe to Beijing: Gender in Development Trust Fund	-	205 269	51 987	153 282	448 527
Sweden Trust Fund to Support Reconstruction and Reconciliation Activities in Burundi	-	142 248	-	142 248	-
Support to the Employment Generation Programme in Gaza	-	2 513 526	2 464 711	48 815	558 324
Sweden Trust Fund for Support to the Comprehensive Disabled Afghans Programme	-	389 518	-	389 518	-
UNDP/Lao People's Democratic Republic Trust Fund for Clearance of Unexploded Ordnance	-	338 020	-	338 020	-
UNDP/Sweden Trust Fund for Support to the Science, Technology and Environment Operation in Lao People's Democratic Republic	-	246 154	-	246 154	-
UNDP Trust Fund to Support the Peace Process in North Mali	-	1 367 647	-	1 367 647	-
Sweden Trust Fund for Support to Integrated Crop and Food Production in Afghanistan	-	705 581	-	705 581	-
UNDP Trust Fund for the Evaluation of UNIFEM	-	197 061	5 500	191 561	284 110
UNDP/Spain Trust Fund for Support for Governance in Central America	-	11 000 000	-	11 000 000	-
UNDP Trust Fund for Angola	-	578 758	-	578 758	-
Trust Fund with Norway for Support for Governance in Africa	-	10 090 190	-	10 090 190	-
Swedish Trust Fund on Efficiency and Effectiveness-enhancing Measures within UNDP	-	3 685 846	259 219	3 426 627	-
UNDP/Sweden Trust Fund to Support a Financial Systems Development Project, Angola Phase II	-	923 077	-	923 077	-
UNDP/Sweden Trust Fund to Support Improved Handling of Property Issues in Nicaragua	-	483 532	100 544	382 988	899 457
UNDP/Sweden Trust Fund for Support to the Rural Rehabilitation Programme in Afghanistan	-	409 277	-	409 277	-
UNDP Trust Fund for Support to the Resident Coordinator System	-	2 586 207	-	2 586 207	-
United Nations Trust Fund for the Operational Programme in Lesotho	480 760	28 920	-	509 680	-
UNDP Development Study Programme	367 069	246 754	493 781	120 042	108 195
Total	72 245 001	239 400 818	162 671 759 c/	148 974 060	70 023 066

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a/ This Trust Fund was closed in 1994.

b/ This Trust Fund was closed in 1995.

c/ Includes refunds to UNDP and Governments of $182,216 and $2,879 respectively.

SCHEDULE 9

UNITED NATIONS DEVELOPMENT PROGRAMME

Funds and trust funds administered by UNDP: movements in resources for the biennium ended 31 December 1995

(United States dollars)

Trust Funds	Schedule no.	GENERAL RESOURCES					COST-SHARING					SUB-TRUST FUNDS d/			
		Balance as at 1 Jan. 1994	Surplus income/ (exp.)	Savings on prior biennium's obligations	Transfers from reserves	Balance as at 31 Dec. 1995	Balance as at 1 Jan. 1994	Surplus income/ (exp.)	Refunds to donors	Transfers from reserves	Balance as at 31 Dec. 1995	Balance as at 1 Jan. 1994	Surplus income/ (exp.)	Refunds to donors	Balance as at 31 Dec. 1995
United Nations Capital Development Fund	8	78 879 406	(20 565 952)	8 825	15 700 000	74 022 279	144 003	(15 638)	-	-	128 365	1 049 980	2 040 906	-	3 090 886
United Nations Revolving Fund for Natural Resources Exploration	8	2 150 336	944 356	7 336	-	3 102 028	-	-	-	-	-	68 097	(3 488)	-	64 609
Trust Fund to Combat Desertification and Drought	8	25 789 645	(8 304 739)	41 537	-	17 526 443	8 349 893	(2 537 006)	(56 903)	-	5 755 984	890 773	271 408	(187 499)	974 682
United Nations Volunteers Programme	8	9 166 523	3 709 055	-	-	12 875 578	-	-	-	-	-	7 680 831	5 734 481	-	13 415 312
United Nations Fund for Science and Technology for Development a/	8	1 017 130	(340 261)	-	-	676 869	182 998	(148 854)	-	-	34 144	605 552	(131 258)	(70 380)	403 914
United Nations Development Fund for Women	8	2 915 493	(3 871 829)	32 959	5 024 041	4 100 664	1 648 717	394 588	-	75 959	2 119 264	1 096 122	510 536	-	1 606 658
UNDP Energy Account b/	8	4 054 176	682 593	-	-	4 736 769	-	-	-	-	-	-	5 986	-	5 986
Trust Fund for the Global Environment Facility	8	17 313 539	16 651 102	35 988	-	34 000 629	985 366	5 509 854	-	-	6 495 220	-	4 722 471	-	4 722 471
"Capacity 21" Trust Fund	8	19 286 128	18 878 048	26 737	-	38 190 913	-	126 650	-	-	126 650	-	1 919 121	-	1 919 121
Multilateral Fund for the Implementation of the Montreal Protocol	8	18 502 444	53 461 897	-	-	71 964 341	-	-	-	-	-	-	205 000	-	205 000
Other Trust Funds c/	6.	70 560 644	68 887 143	-	-	139 447 787	183 083	1 331 361	-	-	1 514 444	1 501 274	6 510 555	-	8 011 829
Total		249 635 464	130 131 413	153 382	20 724 041	400 644 300	11 494 060	4 660 935	(56 903)	75 959	16 174 071	12 892 629	21 785 718	(257 879)	34 420 468

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a/ General resources include extrabudgetary activities.

b/ General resources include cost-sharing activities.

c/ Surplus income shown under general resources is net of refunds to UNDP and Governments of $182,216 and $2,879 respectively.

d/ See schedule 10.

SCHEDULE 10

UNITED NATIONS DEVELOPMENT PROGRAMME

Funds and trust funds administered by UNDP: status of sub-trust funds for the biennium ended 31 December 1995

(United States dollars)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure				Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds a/	Resources transferred a/			
1. UNITED NATIONS CAPITAL DEVELOPMENT FUND										
Donor: Belgium										
Irrigated Agriculture in Farfar Plain	281 872	-	21 529	-	-	-	-	303 401	-	-
Aménagement et gestion des terroirs de la Plaine Seno-Gondo	-	1 766 784	-	199 074	1 675	-	-	1 566 035	2 924 251	1 358 216
Donor: Germany										
Development of Rice Farming Potential in Banie Valley	(133 933)	133 933	-	-	-	-	-	-	-	-
Donor: Netherlands										
Grameen Deep Tubewell Irrigation Project	2 028	3 846 150	32 705	3 075 331	153 766	-	-	651 786	608 066	501 680
Wholesale Fruit and Vegetable Market in Al Husainiah	-	100 000	-	-	-	-	-	100 000	502 850	475 325
Donor: Norway										
Production of School Furniture	41 061	-	3 310	-	-	-	-	44 371	-	-
Environmental Guidelines Conference	1 681	-	1 160	-	-	-	-	2 841	-	-
Donor: Switzerland										
Suspension Bridges (Phase II)	445 486	(335 000)	8 544	-	-	-	-	119 030	-	-
Suspension Bridges (Phase III)	411 785	335 000	46 620	489 983	-	-	-	303 422	870 529	700 272
	1 049 980	5 846 867	113 868	3 764 388	155 441	-	-	3 090 886 (schedule 9)	4 905 696	3 035 493

SCHEDULE 10 (continued)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]				
2. UNITED NATIONS REVOLVING FUND FOR NATURAL RESOURCES EXPLORATION										
Donor: Japan										
Mineral Exploration in the SADCC (Southern African Development Coordination Conference) Region	54 563	-	4 193	-	-	-	-	58 756	50 005	-
Donor: Norway										
UNRFNRE Environmental Protection Guidelines	13 534	-	676	8 357	-	-	-	5 853	-	-
	68 097	-	4 869	8 357	-	-	-	64 609 (schedule 9)	50 005	-
3. TRUST FUND TO COMBAT DESERTIFICATION AND DROUGHT										
Donor: Italy										
Construction, Improvement and Maintenance of Secondary Roads - Brigade II in Niger	18 239	-	558	-	-	-	(18 797)	-	-	-
Construction, Improvement and Maintenance of Secondary Roads - Brigade II in Senegal	163 135	-	4 992	-	-	-	(168 127)	-	-	-
Strengthening of the "Development of Agricultural Statistics" Project to Include Livestock Activities	558	-	17	-	-	-	(575)	-	-	-
Donor: Sweden										
Creation of Family **Wood lots in the** Provinces of Boulkiemde and **Sanguie, Burkina Faso**	9 923	-	1 060	-	-	-	-	10 983	-	-
Promotion and Production of Improved Cooking Stoves (Phase II)	447 720	-	14 973	-	-	-	(462 693)	-	-	-
Donor: Sweden										
Pilot Project in Agro-forestry Development in Dosso	225 208	-	8 001	-	-	-	(233 209)	-	-	
Support to the Construction and Diffusion of Improved Wood Stoves	(72)	99	1 505	29	1	-	-	1 502	-	-
Village and Family Woodlots in the **Provinces of Boulkiemde and Sanguie, Burkina Faso**	(139 551)	804 795	9 609	748 094	37 405	-	530 778	420 132	4 333	-

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred a/	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds a/				
Integrated Afforestation Project in the Louga, Bahel and Mbake Regions of Senegal	101 639	724 767	881	659 697	39 012	-	-	128 578	-	-
Land-use Management and Agro-forestry Development in Dosso, Niger	(4 111)	639 280	12 490	670 693	37 232	-	233 209	172 943	1 296 760	-
Natural Resource Management (Preparatory Phase), Comoe and Kenedougou Provinces, Burkina Faso	68 085	-	2 233	-	-	-	(68 085)	2 233	-	-
National Seed Procurement and Tree Improvement Project, Ethiopia	-	238 311	-	-	-	-	-	238 311	-	243 077
	890 773	2 407 252	56 319	2 078 513	113 650	-	(187 499)	974 682 (schedule 9)	1 301 093	243 077
4. UNITED NATIONS VOLUNTEERS PROGRAMME										
Donor: Argentina										
White Helmets Initiative	-	1 000 000	-	100 918	10 092	-	-	888 990	888 990	-
Donor: Belgium										
Technical Assistance to the Centre for Human Rights in Cambodia	-	199 336	-	36 985	2 404	-	-	159 947	159 000	-
Women and Peace Initiatives in the Philippines	-	142 857	-	50 194	3 263	-	-	89 400	72 000	-
Donor: Canada										
UNV Specialists to Support UNHCR Humanitarian Assistance Activities	38 868	-	3 006	37 111	2 412	-	-	2 351	2 300	-
Donor: France										
Government of France Support for the Development of Volunteerism	791 448	740 063	63 528	465 032	17 549	-	-	1 112 458	1 092 000	-
Donor: Germany										
Community-oriented Development Programme Strengthening and Capacity	-	405 669	-	102 007	13 261	-	-	290 401	290 000	-
White Helmets Initiative	-	192 230	-	-	-	-	-	192 230	192 000	-

SCHEDULE 10 (continued)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred b/	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds a/				
Africa Domestic Development Services Programme	875 724	2 222 006	23 891	2 145 498	278 775	-	-	697 348	697 346	-
Donor: Japan										
Multi-sectoral Specialist Support in the South Pacific	111 744	-	8 201	28 549	1 142	-	-	90 254	70 000	-
UNV Technical Support to Refugee Relief and Humanitarian Assistance in South-east Asia	65 258	-	3 716	62 587	2 503	-	(3 884)	-	-	-
UNV Multisectoral Technical Support for Development and Humanitarian Assistance	93 572	-	2 833	51 521	2 060	-	-	42 824	39 991	-
UNV Multisectoral Technical Support for Development and Humanitarian Assistance (Phase II)	73 962	-	5 633	58 208	3 784	-	-	17 603	15 165	-
UNV Multisectoral Technical Support for Development and Humanitarian Assistance (Phase III)	200 000	-	13 844	138 414	8 997	-	3 884	70 317	58 800	-
Technical Support to UNHCR and other United Nations Agencies in Humanitarian Assistance for Cambodia	116 360	-	7 264	83 821	5 449	-	-	34 354	31 000	-
UNV Technical Support for Relief and Humanitarian Assistance to South-east Asia and other areas - Phase I	78 675	-	5 009	78 576	5 108	-	-	-	-	-
UNV Preparatory Assistance to UNTAC for Elections in Cambodia	136 504	-	9 115	94 763	6 142	-	-	44 714	40 000	-
United Nations 100-Day Action Programme for Accelerated Humanitarian Assistance for Somalia	1 299 965	-	79 031	867 946	56 416	-	-	454 634	41 775	-
UNV Technical Support to Relief and Humanitarian Assistance in South-east Asia and Other Areas - Phase II	338 436	-	25 636	339 107	21 998	-	-	2 967	2 900	-

SCHEDULE 10 (continued)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]				
Assistance for Development of Basic Education in North-western Provinces, Cambodia	241 076	-	14 995	156 243	10 156	-	-	89 672	82 250	-
Support to UNV Humanitarian Relief, Rehabilitation and Repatriation Activities	-	600 000	19 591	297 371	19 329	-	-	302 891	283 300	-
United Nations Consolidated Inter-Agency Appeal for Support to UNV Humanitarian Relief to Rwanda	-	200 000	-	145 688	9 469	-	-	44 843	44 843	-
Sustainable Development of Small Island States in the Caribbean	-	100 000	964	53 635	3 486	-	-	43 843	43 843	-
UNV Technical Assistance in Support of Human Rights Activities in Central America	-	200 000	1 928	8 293	539	-	-	193 096	191 000	-
UNV Multisectoral Assistance to Island Countries in Asia and the Pacific	-	300 000	2 892	45 812	2 978	-	-	254 102	250 000	-
Japanese Support to Enhancement of Security of **UNV Specialists**	-	500 000	4 820	52 533	3 415	-	-	448 872	444 000	-
UNISTAR (United Nations International Short-term Advisory Resources) Multisectoral Technical Support for Entrepreneurship and Small- and Medium-scale Enterprise Development	-	200 000	1 928	169 931	11 046	-	-	20 951	19 000	-
UNV Multisectoral Support to Humanitarian Assistance, Peacekeeping Operations, Rehabilitation Activities and Sustainable Human Development	-	2 500 000	-	-	-	-	-	2 500 000	2 500 000	-
UNV Multisectoral Support to Humanitarian Emergency, Peace-building, Peacekeeping, Rehabilitation and Reconstruction Activities	-	800 000	7 712	202 327	13 148	-	-	592 237	592 237	-
Development of Basic Education in **North-western** Provinces through the Strengthening of Community Temple Learning Centres	-	200 000	1 928	37 243	2 421	-	-	162 264	160 000	-

SCHEDULE 10 (continued)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure						
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]	Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
Donor: **Netherlands**										
Netherlands Facility for UNV Support from Central Europe to Developing Countries	886 286	716 332	40 043	1 013 760	65 895	-	-	563 006	535 000	-
Netherlands Support for UNV Domestic Development Services	169 406	287 214	4 768	392 718	25 527	-	-	43 143	40 000	-
Inter-Agency Humanitarian Programme for Iraq/Kuwait	174 258	-	5 759	141 991	9 229	-	-	28 797	25 608	-
Deployment of UNV Specialists to Support United Nations Humanitarian Assistance Activities in Somalia	374 899	-	25 233	226 015	14 690	-	-	159 427	134 000	-
West-East South Programme Lecturers at the Eduardo Modlane University	82 699	558 660	-	435 219	28 289	-	-	177 851	175 000	-
Special Emergency Programme for the **Horn of Africa Appeal, 1993**	240 523	-	8 616	221 336	14 386	-	-	13 417	13 416	-
SNV Support to the UNV Programme in **Lao People's Democratic Republic**	-	572 000	5 514	11 660	758	-	-	565 096	565 096	-
Netherlands Facility for UNV Support from Central Europe to Developing Countries	-	772 320	-	-	-	-	-	772 320	765 000	-
Donor: Norway										
Somalia Appeal	143 534	-	5 902	134 606	8 749	-	-	6 081	6 000	-
Support to UNV Subregional Programme for South Asia for Consultancy on Popular Culture Development	-	35 256	170	15 100	-	-	-	20 326	20 000	-
Donor: Republic of Korea										
Republic of Korea Trust Fund for UNVs and Training	329 164	80 000	26 075	53 025	3 447	-	-	378 767	387 767	-
Donor: Spain										
Support for Volunteer Contribution to Development	-	765 111	-	34 874	3 487	-	-	726 750	726 000	-

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred b/	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds a/				
Donor: Sweden										
Humanitarian Assistance in the Gulf Region	32 962	-	1 298	12 316	1 478	-	-	20 466	-	-
UNV Specialists for Humanitarian Relief in the Horn of Africa	70 189	-	4 945	34 802	2 262	-	-	38 070	35 600	-
UNV Support to UNHCR Programmes in Central America	-	230 843	2 892	226 634	13 727	-	-	(6 626)	-	-
Drought Emergency in Southern Africa (DESA) Programme	117 068	-	7 592	65 361	4 249	-	-	55 050	51 700	-
United Nations Consolidated Inter-Agency Appeal for Persons Afflicted by the Crisis in Rwanda	-	133 764	419	125 999	8 184	-	-	-	-	-
United Nations Consolidated Inter-Agency Appeal for Support to UNV Activities in Rwanda	-	54 182	-	24 033	1 568	-	-	28 581	28 580	-
UNV Programme in Eritrea within the Sephe Appeal, 1993	-	267 791 c/	-	36 381	2 365	-	-	229 045	229 000	-
Donor: Switzerland										
Domestic Development Services Regional Programme in Asia	99 966	-	5 892	18 495	(6 860)	-	-	94 223	90 000	-
Peace-building and Peacekeeping Trust fund	-	396 637	3 824	54 272	3 528	-	-	342 661	338 000	-
Donor: United Kingdom										
Preparatory Assistance for the Formulation of Urban Environmental Pilot Project	26 301	(27 732)	-	(1 431)	-	-	-	-	-	-
United Kingdom/Liberian Emergency Relief Trust Fund	76 805	23 124	3 732	88 596	5 759	-	-	9 306	-	-
Low-income Urban Community Participatory Primary Environmental Care Project	(10 027)	107 229	818	123 379	8 020	-	-	(33 379)	-	-
Interim Appeal for Burundi	-	74 425	1 748	49 497	3 217	-	-	23 459	23 000	-

SCHEDULE 10 (continued)

		Income		Expenditure						
Fund/Trust Fund	Balance as at 1 January 1994	Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]	Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
United Nations Inter-Agency Appeal for Emergency Assistance for Water and Sanitation Projects in Yemen	-	97 000	1 403	9 157	595	-	-	88 651	87 000	-
Emergency Humanitarian Assistance Programme in Rwanda	-	154 570	-	145 138	9 432	-	-	-	-	-
Inter-Agency Appeal for Rwanda	-	118 447	-	80 330	5 224	-	-	32 893	32 000	-
Donor: United Nations										
Humanitarian Economic Assistance Programme to Afghanistan	157 822	-	13 377	100 466	12 056	-	-	58 677	58 000	840 000
UNV Support to the United Nations Inter-Agency Humanitarian Programme in Iraq	72 088	70 000	6 541	65 925	4 285	-	-	78 419	-	-
Donor: United Nations/Sweden/Canada										
Youth Partners in Agreement	-	156 160	-	102 409	-	-	-	53 751	53 700	-
Donor: **United States**										
UNV for Service with UNHCR and WFP	153 225	-	-	139 553	9 137	-	-	4 535	-	-
Inter-Agency Humanitarian Programme for Iraq	22 071	-	-	21 738	1 347	-	-	(1 014)	-	-
	7 680 831	16 145 494	484 026	10 113 667	781 372	-	-	13 415 312 (schedule 9)	12 723 207	840 000
5. UNITED NATIONS FUND FOR SCIENCE AND TECHNOLOGY FOR DEVELOPMENT										
Donor: France										
Strengthening Management of Technology Capacity at the School of Management Asian Institute of Technology	61 538	-	5 062	28 157	-	-	-	38 443	1 377	-
Donor: Germany										
Policy Dialogues for Strengthening Endogenous Capacities in Science and Technology	198 045	-	15 123	174 839	23 418	-	-	14 911	788	27 202
International Conference Series on Environmentally Sound Coal Technologies for China and India	68 174	-	2 206	-	-	-	(70 380)	-	-	-

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]				
Donor: Italy										
Regional Non-destructive Testing Network for Latin America and the Caribbean - Phase II	9 391	-	714	-	-	-	-	10 105	-	-
Development of National Scientific and Technological Capacity in Natural Resources Remote Sensing through Aerial and Satellite Photo Interpretation	40 614	-	3 121	-	-	-	-	43 735	-	-
Reconnaissance and Exploration for Geothermal Resources	9 333	-	850	-	-	-	-	10 183	-	-
Application of Technologies Appropriate for Rural Areas - Phase II	26 166	-	791	-	-	-	-	26 957	-	50 829
Establishment of the Beijing National Food Technology and Quality Control Research Development Centre	244 022	-	20 307	25 048	-	-	-	239 281	99 424	-
Donor: Norway										
Strengthening the Computer Education and Computing Capability at the Asian Institute of Technology	(51 731)	-	105	(69 159)	(2 766)	-	-	20 299	1 875	-
	605 552	-	48 279	158 885	20 652	-	(70 380)	403 914 (schedule 9)	103 464	78 031
6. UNITED NATIONS DEVELOPMENT FUND FOR WOMEN										
Donor: Argentina, Peru										
Assistance to the Regional Prepcom: Buenos Aires/Mar del Plata	-	-	-	-	-	-	-	-	-	-
Donor: Australia										
Incorporation of Women in Mainstream Development Planning	-	-	151	151	-	-	-	-	-	-
Donor: Canada										
CIDA/UNIFEM Trust Fund for Women in Appropriate Food Cycle Technologies, Africa	254	-	176	446	2	-	-	(18)	-	-
Donor: Denmark										
Credit Scheme for Productive Activities of Women in Tanzania	950 463	1 601 225	80 141	1 385 142	174 277	-	-	1 072 410	983 245	-

SCHEDULE 10 (continued)

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure						
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]	Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
Donor: Japan										
Contribution to the Centre for Social Development and Humanitarian Affairs	145 405	-	230	-	-	-	-	145 635	-	-
Donor: Netherlands										
African Women for Conflict Resolution and Peace (Phase I)	-	189 535	-	8 854	-	-	-	180 681	622 928	-
Beijing Conference Preparations in Anglophone West Africa	-	198 314	-	170 689	-	-	-	27 625	42 500	14 874
Donor: Sweden										
Women in Environment and Development	-	327 774	-	232 868	30 273	-	-	64 633	58 893	-
United Nations Consolidated Inter-Agency Appeal for Persons Afflicted by the Crisis in Rwanda	-	133 690	352	98 012	12 741	-	-	23 289	22 937	-
Improving Statistics on Gender Issues	-	260 458	-	148 721	19 334	-	-	92 403	92 403	-
	1 096 122	2 710 996	81 050	2 044 883	236 627	-	-	1 606 658 (schedule 9)	1 822 906	14 874
7. UNDP ENERGY ACCOUNT										
Donor: Resource Development Foundation										
International Energy-efficiency Training Programme	-	32 000	-	26 014	-	-	-	5 986 (schedule 9)	5 986	-
8. TRUST FUND FOR THE GLOBAL ENVIRONMENT FACILITY										
Donor: Australia										
UNDP-GEF/Australia sub-trust fund for the South Pacific Biodiversity Conservation Programme	-	3 794 897	64 539	639 992	-	-	-	3 219 444	3 154 905	-
Donor: Charles Stewart Mott Foundation										
Strengthening and Promoting Environmental Funds	-	80 000	-	-	-	-	-	80 000	-	-
Donor: Denmark										
UNDP-GEG/Denmark sub-trust fund for Municipal and Industrial Waste Project in the United Republic of Tanzania	-	1 364 845	58 182	-	-	-	-	1 423 027	-	-
	-	5 239 742	122 721	639 992	-	-	-	4 722 471 (schedule 9)	3 154 905	-

Fund/Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred [a]	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds [a]				
9. "CAPACITY 21" TRUST FUND										
Donor: **Sweden and the Netherlands**										
Trust Fund on the Support to Country Capacity for National Forest Action Programme	-	1 996 051	-	70 578	6 352	-	-	1 919 121 (schedule 9)	20 070	923 077
10. MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL										
Donor: Denmark										
Establishment of a CFC Recycling Centre at Zheijang Dongyang Chemical Factory	-	205 000	-	-	-	-	-	205 000 (schedule 9)	194 100	-
11. OTHER TRUST FUNDS										
A. UNDP TRUST FUND TO COMBAT POVERTY AND HUNGER IN AFRICA										
Donor: Italy										
Ethiopia-Italy Programme of Rehabilitation and Development	616 377	-	47 364	-	-	-	-	663 741	34 864	-
B. UNDP TRUST FUND FOR HUMANITARIAN AND REHABILITATION ASSISTANCE FOR CAMBODIA										
Donor: **Netherlands**										
UNDP/Netherlands Trust Fund for Cambodia	8 774	-	660	8 925	892	-	-	(383)	-	-
Donor: Sweden										
UNDP/Sweden for the Rehabilitation of **Infrastructure in Cambodia**	18 405	-	1 603	(15 635)	3 755	-	-	31 888	25 619	-
Donor: **United States**										
UNDP/United States Trust Fund for Cambodia	857 718	-	65 572	757 108	88 273	-	-	77 909	13 984	-
	884 897	-	67 835	750 398	92 920	-	-	109 414	39 603	-
C. UNDP TRUST FUND FOR RWANDA										
Donor: Japan										
Civic Education and Communication Programme	-	200 000	-	2 533	-	-	-	197 467	197 467	-
Donor: **Netherlands**										
Special Window Resettlement	-	3 750 000	-	-	-	-	-	3 750 000	-	-

SCHEDULE 10 (concluded)

Trust Fund	Balance as at 1 January 1994	Income		Expenditure			Resources transferred a/	Balance as at 31 December 1995	Unspent allocations	Contributions pledged by Governments for the current and prior years
		Contributions received	Interest income	Project costs	Programme support costs	Transfers/ refunds a/				
Support to the Screening Commissions and to the Prisons	-	2 897 851	-	-	-	-	-	2 897 851	-	-
Donor: Switzerland										
Support to the Judiciary Sector	-	393 356	-	-	-	-	-	393 356	-	-
	-	7 241 207	-	2 533	-	-	-	7 238 674	197 467	-
Total Other Trust Funds	1 501 274	7 241 207	115 199	752 931	92 920	-	-	8 011 829 (schedule 9)	271 934	-

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a/ Refunds to donors and transfers of unexpended resources were made on instructions of donors.

SCHEDULE 11

UNITED NATIONS DEVELOPMENT PROGRAMME

Junior Professional Officers programme: status of funds for the biennium ended 31 December 1995

(United States dollars)

Sources of financing	Balance as at 1 January 1994	Receipts	Disbursements	Balance as at 31 December 1995
Governments				
Australia	9 290	822 650	656 880	175 060
Austria	105 760	1 593 378	2 106 135	(406 997) a/
Belgium	854 009	3 906 241	2 003 307	2 756 943
Canada	1 048 182	1 650 128	3 554 301	(855 991)
Denmark	1 036 296	8 180 690	7 776 627	1 440 359
Finland	986 317	940 673	1 294 433	632 557
France	581 694	3 751 497	4 111 422	221 769
Germany	1 296 795	3 588 447	3 618 450	1 266 792
Ireland	219	-	-	219
Italy	(373 591)	1 413 947	1 114 847	(74 491)
Japan	(451 580)	3 567 387	2 658 039	457 768
Luxembourg	13 582	545 390	650 468	(91 496)
Netherlands	(6 634)	8 933 530	8 297 430	629 466
Norway	825 681	2 611 617	2 982 264	455 034
Portugal	(26 883)	569 133	552 280	(10 030)
Spain	(862 643)	1 319 635	977 752	(520 760) a/
Sweden	881 629	2 634 371	3 145 516	370 484
Switzerland	262 009	903 316	690 391	474 934
United Kingdom	(118 267)	578 680	403 694	56 719
Total	6 061 865	47 510 710	46 594 236	6 978 339

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a/ At the time of preparation of the financial statements, $187,183 had been received from Austria and $1,179,971 from Spain.

SCHEDULE 12

UNITED NATIONS DEVELOPMENT PROGRAMME

Status of bilateral and other resources received under Management Service Agreements for the biennium ended 31 December 1995

(United States dollars)

				Cost of Services b/			
Source of funding	Recipient country	Balance as at 1 January 1994	Income received a/	Disbursements	Unliquidated obligations	Total	Unencumbered balance as at 31 December 1995
Executed by UNOPS							
European Community	Albania	347 108	324 659	558 894	22 472	581 366	90 401
IDB	Argentina	4 013 124	5 878 213	4 763 124	176 369	4 939 493	4 951 844
IBRD	Argentina	10 589 151	35 315 880	34 288 509	830 857	35 119 366	10 785 665
Italy	Argentina/Uruguay	90 531	6 814	2 277	-	2 277	95 068
Japan	Benin	4 663 307	6 112 499	10 336 584	166 630	10 503 214	272 592
Government	Bhutan	5 766	40	8 388	-	8 388	(2 582)
IDA	Bolivia	706 438	1 675 364	2 149 031	11 413	2 160 444	221 358
Multiple	Bolivia	12 463	960	-	-	-	13 423
IDB	Bolivia	1 140 916	117 759	1 095 234	105 030	1 200 264	58 411
IBRD	Bolivia	636 454	1 891 941	2 031 891	236 275	2 268 166	260 229
Japan	Bolivia	60 033	13 136	(48 943)	-	(48 943)	122 112
Bolivia	Bolivia	445 571	(441 167)	4 404	-	4 404	-
Germany	Bolivia	53 862	5 753	(1 644)	-	(1 644)	61 259
Japan	Burkina Faso	429 374	82 748	2 462	-	2 462	509 660
Japan	Cambodia	-	23 511 640	20 287 607	2 612 815	22 900 422	611 218
United States	Cambodia	-	1 611 503	1 600 000	-	1 600 000	11 503
Japan	Cameroon	613 004	20 126	575 542	-	575 542	57 588
Japan	Central Africa	77 084	3 301 423	1 745 501	1 608 371	3 353 872	24 635
Italy	Central America	1 818 403	378 696	1 920 203	60 686	1 980 889	216 210
Italy	Chad	59 737	3 833	11 157	-	11 157	52 413
Italy	Colombia	-	61 655	80 944	-	80 944	(19 289)
Government	Congo	(324 087)	428 476	11 308	-	11 308	93 081
USAID	Costa Rica	11 275	866	-	-	-	12 141
IBRD	Costa Rica	33 018	(2 278)	161	-	161	30 579
Italy	Cuba	44 918	3 454	-	-	-	48 372
IDA	Djibouti	23 728	1 822	-	-	-	25 550
Government	Djibouti	319 357	21 268	150 860	-	150 860	189 765
Dominica	Dominican Republic	71 677	8 176	(1 510)	-	(1 510)	81 363
IBRD	Ecuador	4 558 860	24 657 382	19 503 496	2 935 635	22 439 131	6 777 111
Netherlands	Egypt	4 362	474	(4 817)	-	(4 817)	9 653
Italy	Egypt	88 399	7 076	(8 193)	-	(8 193)	103 668
Italy	El Salvador	2 985 084	193 723	1 413 718	790 559	2 204 277	974 530
Japan	El Salvador	993 931	6 588 894	2 691 519	4 145 085	6 836 604	746 221
IFAD	El Salvador	-	1 972 149	2 159 286	267 362	2 426 648	(454 499) c/
USAID	Eritrea	-	-	3 025	-	3 025	(3 025)
Italy	Ethiopia	214 322	15 411	17 084	-	17 084	212 649
IDA	Ethiopia	409 541	17 875	381 630	6 303	387 933	39 483
Joint	Europe (Regional)	124 904	3 823	-	-	-	128 727
IFAD	Guatemala	-	254 295	41 878	-	41 878	212 417
Netherlands	Guatemala	91 110	7 801	-	-	-	98 911
IBRD	Guatemala	43 900	478 567	326 247	106 061	432 308	90 159
Japan	Guinea	1 176 417	9 371 074	5 527 810	1 514 104	7 041 914	3 505 577
Italy	Guinea	4 198	322	-	-	-	4 520
Switzerland	Haiti	-	87 000	8 468	74 147	82 615	4 385
Canada	Haiti	-	186 567	166 236	20 331	186 567	-
IBRD	Honduras	(66 351)	283 934	95 830	-	95 830	121 753
Japan	Honduras	62 253	3 047	65 300	-	65 300	-

SCHEDULE 12 (continued)

Source of funding	Recipient country	Balance as at 1 January 1994	Income received a/	Cost of Services b/			Unencumbered balance as at 31 December 1995	
				Disbursements	Unliquidated obligations	Total		
IDA	Indonesia	5 972	(5 726)	-	-	-	246	
IFAD	Indonesia	-	460 548	322 995	-	322 995	137 553	
Denmark	Interregional	4 286 608	426 949	3 167 815	847 224	4 015 039	698 518	
Norway	Interregional	621 224	1 105 993	541 253	51 592	592 845	1 134 372	
Sweden	Interregional	-	824 195	202 524	91 760	294 284	529 911	
Japan	Ivory Coast	-	10 378 687	1 701 419	5 451 004	7 152 423	3 226 264	
Norway	Kyrgyzstan	21 020	218	21 020	-	21 020	218	
Government	Kyrgyzstan	34	17	(451)	-	(451)	502	
Denmark	Kyrgyzstan	-	403 877	247 076	183 001	430 077	(26 200)	c/
Australia	Laos	26 933	2 069	-	-	-	29 002	
IBRD	Latvia	56 388	2 301	36 723	-	36 723	21 966	
Japan	Madagascar	9 884 518	16 000 129	22 556 415	2 014 928	24 571 343	1 313 304	
Japan	Mauritania	218 543	4 614 385	489 466	2 979 724	3 469 190	1 363 738	
Japan	Mali	10 495	5 304 444	4 443 971	799 035	5 243 006	71 933	
IBRD	Mali	37 641	209 825	165 405	9 275	174 680	72 786	
Mexico	Mexico/Colombia/ Venezuela	(12 536)	-	(14 423)	-	(14 423)	1 887	
IDA	Mongolia	384 118	396 727	539 915	23 363	563 278	217 567	
Japan	Mongolia	2 221 022	366 655	851 840	1 591 296	2 443 136	144 541	
Netherlands	Mongolia	76 263	8 774	82 882	-	82 882	2 155	
Japan	Niger	9 532	12 139 648	579 013	7 137 400	7 716 413	4 432 767	
Japan	Nicaragua	511 102	14 980 438	12 978 787	4 480 923	17 459 710	(1 968 170)	c/
IDA	Pakistan	6 476	(6 177)	-	-	-	299	
Italy	Palestine	9 131 171	2 177 170	4 147 591	1 134 962	5 282 553	6 025 788	
IBRD	Papua New Guinea	273 218	2 263 538	2 672 273	245 778	2 918 051	(381 295)	c/
Australia	Papua New Guinea	7 602	625	-	-	-	8 227	
IDB	Paraguay/Argentina/ Bolivia	36 652	4 030 756	3 468 175	957 703	4 425 878	(358 470)	c/
Italy	Peru/Guatemala/ Zimbabwe	18 703	1 437	-	-	-	20 140	
Japan	Peru	149 375	38 152 056	22 728 762	1 532 462	24 261 224	14 040 207	
IDB	Peru	-	18 709 393	9 606 556	11 683 953	21 290 509	(2 581 116)	
Government	Peru	-	602 590	-	-	-	602 590	
Denmark	Phillippines	1 261	18 431	(422 722)	-	(422 722)	442 414	
Australia	Phillippines	-	406 418	197	2 000	2 197	404 221	
USDOI	Republic of Palau	220 000	2 284	182 000	37 634	219 634	2 650	
France	Regional Africa	730 939	19 215	300 127	8 852	308 979	441 175	
Sweden	Regional Africa	(10 634)	1 308 897	1 288 021	769	1 288 790	9 473	
Finland	Regional Asia	571 050	31 978	423 399	-	423 399	179 629	
Japan	Senegal	-	250 000	250 000	-	250 000	-	
Japan	Somalia	357 598	153 127	(1 452 345)	-	(1 452 345)	1 963 070	
IFAD	Somalia	-	2 207 729	1 875 458	355 167	2 230 625	(22 896)	
European Commission	Somalia	-	381 579	182 869	-	182 869	198 710	
IBRD	Saint Kitts and Nevis	259 846	488 875	464 001	35 200	499 201	249 520	
Japan	Sao Tome & Principe	828 601	32 351	839 006	-	839 006	21 946	
Italy	Sudan	1 104 874	84 897	-	-	-	1 189 771	
Italy	Thailand	2	-	-	-	-	2	
Finland	Thailand	497 493	665 012	946 846	-	946 846	215 659	
IBRD	Turkey	1 067 703	13 646 309	8 746 729	1 291 147	10 037 876	4 676 136	
United States	Turkey	482 094	34 437	1 292	-	1 292	515 239	
IBRD	Uganda	2 197 450	5 460 671	6 449 901	20 185	6 470 086	1 188 035	
Sweden	Uganda	85 488	307 428	373 444	23 095	396 539	(3 623)	

SCHEDULE 12 (concluded)

Source of funding	Recipient country	Balance as at 1 January 1994	Income received a/	Cost of Services b/			Unencumbered balance as at 31 December 1995
				Disbursements	Unliquidated obligations	Total	
Government	Uganda	-	640 000	-	-	-	640 000
IBRD	Tanzania	218 952	1 947 842	1 632 518	184 330	1 816 848	349 946
Government	Tanzania	-	235 428	134 035	45 619	179 654	55 774
Australia	Vietnam	158 051	12 154	-	-	-	170 205
IBRD	Yemen	9 098	(8 284)	415	-	415	399
Japan	Zaire	193 424	54 505	(643 560)	100 000	(543 560)	791 489
Australia	Zimbabwe	-	903 444	1 953	-	1 953	901 491
		73 588 506	287 300 941	227 071 087	59 009 886	286 080 973	74 808 474
Executed by other Agencies							
Czechoslovakia	Interregional	372 379	2 857	-	-	-	375 236
Total		73 960 885	287 303 798	227 071 087	59 009 886	286 080 973	75 183 710

(statement II)

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a/ These amounts represent advances received from donors in accordance with Management Services Agreements entered into by UNDP for the provision of bilateral and other programmes.

b/ These amounts represent the cost of services provided by UNDP in accordance with Management Service Agreements.

c/ **At the time of the preparation of the financial statements, sufficient funds had been received to eliminate the deficit.**

Note 1. Objectives of the United Nations Development Programme (UNDP)

UNDP is part of the United Nations and upholds the vision of the Charter of the United Nations. It is committed to the principle that development is inseparable from the quest for peace and human security and that the United Nations must be a strong force for development as well as peace.

UNDP's mission is to help countries in their efforts to achieve sustainable human development by assisting them to build their capacity to design and carry out development programmes in poverty eradication, employment creation and sustainable livelihoods, the empowerment of women and the protection and regeneration of the environment, giving first priority to poverty eradication.

UNDP also acts to help the United Nations family become a unified and powerful force for sustainable human development and works to strengthen international cooperation for sustainable human development.

UNDP, at the request of Governments and in support of its areas of focus, assists in building capacity for good governance, popular participation, private and public sector development and growth with equity, stressing that national plans and priorities constitute the only viable frame of reference for the national programming of operational activities for development within the United Nations system.

UNDP resident representatives normally serve as resident coordinators of the operational activities of the United Nations system, supporting, at the request of Governments, the coordination of development and humanitarian assistance. Resident coordinators also help to orchestrate the full intellectual and technical resources of the United Nations system in support of national development.

UNDP strives to be an effective development partner for the United Nations relief agencies, working to sustain livelihoods while they seek to sustain lives. It acts to help countries prepare for, avoid and manage complex emergencies and disasters.

UNDP draws on expertise from around the world, including from developing countries, United Nations specialized agencies, civil society organizations and research institutes.

UNDP supports South-South cooperation by actively promoting the exchange of experience among developing countries.

UNDP supports, within its areas of focus, technology transfer, adaptation, and access to the most effective technology.

UNDP receives voluntary contributions from almost every country in the world. UNDP seeks to ensure a predictable flow of resources to support its programmes. It provides grant funds through criteria based on universality that strongly favour low-income countries, particularly the least developed.

UNDP is politically neutral and its cooperation is impartial. It seeks to conduct its work in a manner transparent and accountable to all its stakeholders.

UNDP is committed to a process of continuing self-evaluation and reform. It aims to improve its own efficiency and effectiveness to assist the United Nations system in becoming a stronger force for the benefit of the people and countries of the world.

UNDP will continue to support an international development cooperation framework that responds to changing global, regional and national circumstances.

Note 2. Summary of significant accounting policies

The financial statements reflect the application of the following significant accounting policies:

(a) Income

Interest income is accrued as income in the biennium to which it relates. All other income is accounted for on a cash basis, with the exception of income accrued on government letters of credit which are irrevocable (see note 12). Government contributions receivable for the current and prior years are shown in note 3 for the UNDP account and in note 33 for funds and trust funds administered by UNDP.

(b) Expenditure

All expenditure of UNDP is accounted for on an accrual basis, except for that relating to staff entitlements and projects executed by Governments, which is accounted for on the basis of cash disbursements only. Project expenditure includes unliquidated obligations raised by the executing agencies (other than Governments), and the following criteria are generally applied:

Experts and other project personnel	Costs relating to the period of contractual service falling within the current biennium up to the amount provided in the current budget;
Travel on official business	Costs of travel taking place in the current biennium and travel which commences before the end of the current biennium but extends into the next biennium;
Subcontracts	Payments falling due in the current biennium according to the terms of the contract or payment schedule;
Fellowships	Cost of the fellowship from the anticipated date of commencement of study or start of the current biennium to completion of study or end of the current biennium, whichever is earlier;
Group training	Full cost of any training activity held in the current biennium or beginning in the current and ending in the next biennium;

Equipment	Full cost of contractual agreement or firm order placed with the supplier prior to the end of the current biennium up to the amount provided in the current budget;
Miscellaneous	Cost of events occurred (for example hospitality), goods or services delivered or firm orders placed for delivery in the current biennium.

Commitments may be incurred in the current biennium against future years' budgets. These are recorded as forward commitments and reflected in note 17 (a).

Certain flexibility provisions may be applied to expenditure. In any given year, expenditure may exceed an approved project budget for that year by $20,000 or 4 per cent thereof, whichever is higher, provided the executing agency does not incur overall expenditures for that year in excess of 2 per cent of the total allocations made to it. In addition, executing agencies are also authorized, for an experimental period of three years beginning 1 July 1987 (extended an additional two years in 1990), to record obligations in any year up to 20 per cent of the project budget of the following year. This arrangement continues, pending ratification by the Executive Board.

(c) Agency support costs and technical support services

Agency programme support costs denotes the percentage of total project costs authorized by the Governing Council for payment to the executing and cooperating agencies and implementing agents to reimburse them for costs incurred in the administration (technical and otherwise) of UNDP-financed projects. These support costs are based on total annual programme expenditure. Certain specialized agencies are under flexibility arrangements and hence the support costs payable to them are dependent on their total annual programme expenditure in respect of UNDP-financed projects. Sectoral support costs are also paid to certain agencies for provision of sectoral advice to Governments and UNDP. The level of sectoral support and the use of its resources for a given cycle are determined by the Executive Board.

The Governing Council, at its thirty-eighth session in 1991, adopted comprehensive legislation on successor arrangements to agency support costs. These arrangements became effective 1 January 1992, and they are in respect of all projects approved after that date. They replace the previous support cost arrangements that were last revised by the Governing Council at its twenty-seventh and twenty-eighth sessions in 1980 and 1981, respectively. The major features of the new arrangements are the separation between two distinct types of technical support services, namely TSS1 and TSS2, which provide services at the programme and project level, respectively, and administrative and operational support services (AOS) provided at the project level. Administrative and operational support services may be obtained from a number of different implementing agents, including agencies as well as external agents. Details of the support costs under the previous arrangements and the successor arrangements are provided in schedule 5.1.

Reimbursement for AOS also applies to projects financed by UNDP-administered funds and trust funds. UNDP support costs denotes the percentage of total project costs as specified in the individual trust fund agreements paid to UNDP as reimbursement for costs incurred in the administration of the funds.

(d) Exchange rates

Voluntary contributions received from Governments are translated into United States dollars using the United Nations operational rate of exchange in effect on the date of payment.

Exchange adjustments arising from the receipt of contributions from Governments are recorded as increases or reductions to the contributions and are included in statement I. All other exchange adjustments have been recorded as other income/expenditure and are shown in schedule 4.

For the purposes of accounting for assets, liabilities and transactions, and the maintenance of other financial records, other currencies are translated into United States dollars at the United Nations operational rate of exchange in effect on the date of the report or transaction.

(e) Capital expenditure

The full cost of non-expendable equipment is charged to the UNDP biennial budget or to the appropriate project in the biennium in which it is purchased. An inventory is maintained of all non-expendable equipment, defined as items of equipment valued at $500 or more a unit and with a serviceable life of at least five years, and items of equipment included in any special list for which formal inventory records are maintained.

The value of inventory held at UNDP headquarters as at 31 December 1995 amounted to $23.1 million. The value of inventory held at UNDP country offices totalled $63.1 million.

(f) Operational reserve

The Governing Council, at its thirty-seventh session in 1990, approved a change in the basis of calculation of UNDP's operational reserve to 20 per cent of the estimated contributions or 20 per cent of projected expenditure, whichever is higher.

Where applicable, operational reserves of the trust funds are discussed in notes of the individual funds.

(g) Reserve for Field Accommodation

Activities under the Reserve for Field Accommodation have a characteristic similar to an enterprise which generates income by its capital assets. Therefore, the cost of office premises, housing and rehabilitation are capitalized. No depreciation is provided for.

The authorized level of $25 million for the reserve is disclosed in the "Reserve and fund balances" section of the balance sheet. This represents the net equity of the fund, that is, an initial investment made to provide construction loans to Governments and to build office premises and housings. The nature of this reserve is distinct from that of other funds which represents the balance of unexpended resources.

Note 3. Contributions of Governments and other contributors - General Fund

Contributions due from Governments and other contributors as at 31 December 1995 were as follows:

	Voluntary contributions	Voluntary contributions for the Special Measures Fund for the Least Developed Countries	Cost-sharing contributions	Cash counterpart contributions	Total
	(United States dollars)				
1991 and prior years	26 154 792	17 775	15 281 588	5 945 519	47 399 674
1992	1 054 670	-	12 190 526	645 087	13 890 283
1993	850 115	-	11 594 394	970 009	13 414 518
1994	2 586 447	3 077	14 683 564	2 021 795	19 294 883
1995	6 646 207	-	162 942 753	2 623 221	172 212 181
Total	37 292 231	20 852	216 692 825	12 205 631	266 211 539

The amounts in respect of cost-sharing and cash counterpart contributions are based on budgeted expenditure for the year and will be adjusted on the rephasing of these budgets.

Since UNDP accounts for its income from contributions on a cash basis, these amounts are not reflected in the contributions income shown in statement I. However, if UNDP recorded its income on an accrual basis, income from contributions for the biennium would be as follows:

Voluntary contributions	$1 815 154 067
Voluntary contributions for the Special Measures Fund for the Least Developed Countries	18 513
Cost-sharing contributions	1 194 615 195
Cash counterpart contributions	24 164 094
Total	$3 033 951 869

Note 4. Unidentified contributions

Contributions received but not identified as to purpose are held as accounts payable until identified, at which time they are recorded as income. At 31 December 1995, $7,093,881 in unidentified receipts were held as accounts payable. The amount is included in note 15 (b) under miscellaneous accounts payable.

Note 5. Accounting linkage between voluntary contributions and contributions to local office costs

At its thirty-first session, in 1984, the Governing Council authorized the establishment of a country-specific accounting linkage between voluntary contributions (including contributions to voluntary programme costs), and contributions to local office costs in such a manner that voluntary contributions are first accounted for against any shortfall in contributions to local office costs. The total amount of $7,310,562 which was transferred from voluntary contributions (statement I) in respect of such linkage is included in the $36,342,785 figure in schedule 2 and shown in note 7.

Note 6. Interest income

The interest income of the General Fund of $95,221,146 shown in statement I consists of:

Interest from investments	$127 060 509
Interest on construction loans	250 486
Interest on the medical insurance plan	508 384
Interest on cost-sharing contributions transferred to extrabudgetary resources	(10 915 928)
Transfer of interest to:	
Trust funds	(11 799 002)
Management service agreements	(9 883 303)
Total	$95 221 146

Of the $11,799,002 in interest income transferred to trust funds, the amount of $2,885,080 was interest earned in the prior biennium. Similarly, of the $9,883,303 transferred to management service agreements, $4,697,795 was earned in 1992-1993.

Note 7. Income received for the biennial budget

The amount of $36,342,785 shown in schedule 2 as income received for the biennium consists of host Government cash contributions to local office costs of $35,931,791 and other income of $410,994.

Host Government cash contributions consist of:

Government local office contributions	$28 621 229
Transfers from voluntary contributions	7 310 562
Total	$35 931 791

Note 8. Biennial budget expenditure

At its fortieth session, in 1993, the Governing Council approved the introduction to the 1994-1995 biennial budget of a new appropriation line entitled "Support to the operational activities of the United Nations". These administrative costs incurred at the field level had previously been grouped under core activities. Had the biennial budget format remained as in previous years, UNDP biennial budget expenditure (gross), as shown in schedules 1 and 2, would have amounted to $452,827,211 and programme support and development activities to $85,180,066.

Note 9. Provision to reduce the book value of accounts receivable and deferred charges

The provision, established in 1987, to reduce the deficit in operating the FAO fisheries vessels pool was reduced to $507,342 to reflect the current book value of the receivable. The amount of $30,164 is shown in statement I and the adjusted provision is shown in note 15 (a).

Note 10. Cash - General Fund

The amount of $22,002,931 shown as cash in statement II consists of:

Convertible currencies	$5 320 235
Usable non-convertible currencies	11 590
Accumulated non-convertible currencies	12 690 262
Cash at country offices	3 980 844
Total	$22 002 931

Cash at country offices of $3,980,844 has been reduced by the amount of uncleared cheques on zero balance accounts totalling $44,388,428.

Note 11. Valuation of cash and investments at the 1 January 1996 United Nations operational rate of exchange

In accordance with the accounting policy disclosed in note 2 (d), cash of the General Fund and IAPSO totalling $25,946,156, as reported in statement II, and investments totalling $1,551,528,367, as reported in statement II and schedule 3, include the United States dollar equivalent of cash and investments in other currencies using the United Nations operational rate of exchange established on 1 December 1995 and in effect on 31 December 1995. At the United Nations operational rate of exchange in effect on 1 January 1996, which more closely reflects the market rate of exchange as at 31 December 1995, the value shown in the accounts would amount to approximately $146,904 and $829,312 less for cash and investments, respectively.

The investment figure of the General Fund of $1,551,528,367 includes the value of bonds and notes of $200,376,121. The total value of bonds and notes held by UNDP amounts to $207,176,121, of which $6,800,000 is held for UNOPS. If UNDP's holdings at the market value at 31 December 1995 were converted to the United States equivalent using the United Nations operational rate of exchange in effect on 1 January 1996, the investments would amount to $3,733,563 more than reported.

Note 12. Government letters of credit

Government letters of credit amounting to $3,776,106 as shown in statement II, were made to UNDP in respect of cost-sharing for the following activities:

HIV programme	640 810
United Nations Development Office in Somalia	500 000
Emergency and logistic support in Liberia	1 253 870
Support to the Rwanda human rights monitoring operations	150 000
Public sector reform in Argentina	1 231 426
Total	$3 776 106

As the letter of credit is irrevocable, the amount is presented with cash and investments in statement II and is included in cost-sharing contributions as presented in statement I.

Note 13. Forward exchange contracts

UNDP held no forward exchange contracts at 31 December 1995.

Note 14. Amounts due from/to trust funds administered by UNDP

UNDP advances funds to, and receives funds for, the trust funds that it administers. The balance of these transactions as at 31 December 1995 is shown in schedules 8 and 8.1.

Note 15. Accounts receivable and payable - General Fund

(a) Other accounts receivable and deferred charges

The amount of $29,789,884, shown in statement II, consists of the following:

Advances to staff and consultants	$8 864 380
Deferred charges	3 618 276
Agency receivables	2 384 978
Miscellaneous field office receivables	13 937 220
Miscellaneous accounts receivable	1 492 372
Subtotal	30 297 226
Less: provision to reduce the book value of accounts receivable	507 342
Total	$29 789 884

(b) Accounts payable

The amount of $57,897,280 shown in statement II consists of the following:

Amounts received in respect of other United Nations organizations' programmes	$5 317 971
Medical insurance plan fund	9 135 066
Insurance proceeds in respect of the air crash in the United Republic of Tanzania	41 530
Miscellaneous field office payables	8 768 482
Miscellaneous accounts payable	34 234 231
Contribution from the Government of Norway for the United Nations Common Coding System office	400 000
Total	$57 897 280

Note 16. Allocations for accounting reserves

The Governing Council, at its fortieth session, in 1993, approved the use of the 1992-1993 budget savings to support a smooth implementation of the 1994-1995 budget strategy. Accordingly, the reserve for transitional measures and the reserve for budgeted separations were established with the initial amounts of $7,200,000 and $6,359,000, respectively.

Based on the same principles, the Executive Board, at its third regular session, approved additional resources to be set aside for the implementation of the 1996-1997 budget strategy. In accordance with this decision, $8,400,000 and $14,000,000 were transferred from UNDP's general resources to the reserve for transitional measures and the reserve for budgeted separations.

The unexpended balance of the reserve for transitional measures of $8,435,774, as shown in statement II, consists of:

Balance in relation to the 1994-1995 budget strategy	$ 35 774
Balance in relation to the 1996-1997 budget strategy	8 400 000
Total	$8 435 774

The unexpended balance of the reserve for budgeted separations of $12,356,868, as shown in statement II, consists of:

Balance in relation to the 1994-1995 budget strategy	$ 73 958
Balance in relation to the 1996-1997 budget strategy	12 282 910
Total	$12 356 868

Note 17. Unspent allocations and future commitments

(a) Unspent allocations

Unspent allocations issued against resources of the UNDP account as at 31 December 1995 amounted to approximately $635 million, against which forward commitments reported by executing agencies were approximately $54 million.

(b) Leasehold commitments

Future leasehold commitments against the resources of the UNDP account at 31 December 1995 amounted to $11.4 million for country office lease agreements and $22.9 million for headquarters lease agreements.

Note 18. Contingent liabilities

(a) Termination benefits

The contingent liability resulting from the termination benefits that UNDP will be required to pay to its staff members in future years is estimated, at 31 December 1995, to be $16,670,718 with respect to repatriation grants and $2,557,478 with respect to termination indemnity.

(b) Tanzania air crash

On 5 December 1980, four UNDP staff members died in an air crash in the United Republic of Tanzania. As a result, UNDP received insurance proceeds totalling $623,948 from which it pays compensation to the beneficiaries of the air crash victims. The balance of proceeds at 31 December 1995 totalled $41,530. Upon depletion of these proceeds, compensation payments will be reported as expenditure against the budget of the year to which the payments relate.

Note 19. Unliquidated obligations - General Fund

The unliquidated obligations of $122,015,955 shown in statement II consist of:

Unliquidated obligations of executing agencies	$89 301 721
Unliquidated obligations of the biennial budget and extrabudgetary activities	32 714 234
Total	$122 015 955

Note 20. Outstanding commitments of the Reserve for Field Accommodation

Unpaid invoices and commitments to contractors and subcontractors against the Reserve for Field Accommodation totalled approximately $5.6 million as at 31 December 1995.

Note 21. United Nations Office for Project Services (UNOPS)

(a) The Executive Board, at its annual session in June 1994, agreed to the establishment of the United Nations Office for Project Services as a separate and identifiable entity effective 1 January 1995. In line with this decision, UNOPS financial activities are presented in a separate set of financial statements. These financial statements of UNDP for the biennium ended 31 December 1995 present the combined activities of UNDP for 1994, while UNOPS was a part of UNDP, and 1995 which excludes UNOPS.

Had the 1994 figures been restated to remove UNOPS' activities, the income statement of UNDP for the biennium ended 31 December 1995 would have been presented as follows:

Income	
Contributions from Governments and other countries	$3 044 151 029
UNDP extrabudgetary income	65 453 928
Other income (net)	127 176 407
Total income	3 236 781 364
Less: Expenditure	
Programme expenditure	2 014 147 021
Programme support costs	321 548 291
UNDP biennial budget expenditure (net)	328 027 703
UNDP extrabudgetary expenditure	81 745 269
Total expenditure	2 745 468 284
Decrease in provision to reduce the book value of accounts receivable and deferred charges	(30 164)
Surplus income	$ 491 343 244

(b) UNOPS earned programme support cost income of $15,402,530 on UNDP-funded projects during 1994. The related programme support cost expenditure is included in the $30,629,618 figure in schedule 5.1.

Of this income, UNOPS earned $27,149 on UNDP-funded projects under Government cash counterpart contributions and $3,217,723 on UNDP-funded cost-sharing projects. All other income, net of $1,197,317 paid by UNOPS to other associated agencies on UNOPS-executed UNDP-funded projects amounting to $10,960,341 as shown in schedule 5.1, was eliminated against total programme support cost expenditure.

Note 22. Inter-Agency Procurement Services Office (IAPSO)

(a) Accounts payable

The amount of $12,795,348 shown in statement II represents advances received relating to direct procurement.

(b) Biennial budget expenditure

IAPSO's core administrative expenditure of $5,138,086 is included in the General Fund's biennial budget expenditure and detailed in schedule 2.

(c) Basis of accounting

IAPSO's direct procurement activity is accounted for on a cash basis. Had an accrual basis of accounting been followed, additional accounts receivable representing outstanding customer invoices in the amount of $1,920,000 and additional accounts payable representing supplier invoices received but not yet paid totalling $3,670,000 would have been reflected.

Note 23. United Nations Capital Development Fund

(a) Technical support costs

The Governing Council, at its thirty-eighth session, in 1991, approved the establishment of technical support budgets. As shown in schedule 8, technical support costs incurred in 1994-1995 amounted to $1,749,137 against an allotment of $1,996,200.

(b) Cash

The amount of $421,616 shown in schedule 8 consists of:

United States dollar accounts	$ 772
Convertible currencies	769
Usable non-convertible currencies	288
Accumulating non-convertible currencies	419 787
Total	$421 616

(c) Loans to Governments

The amount of $9,671,809 shown in schedule 8 represents the total outstanding loans made by the fund to the Governments of Benin, Botswana, Burkina Faso, Ghana, Mali, Nepal and Senegal. The status of these loans is as follows:

Recipient country	Project number	Loan amount as at 1 January 1994	Advances	Repayments	Outstanding loan amount as at 31 December 1995
Benin	RAF/94/CO2	-	200 000	-	200 000
Botswana	BOT/87/C02	3 571 429	-	(1 428 572)	2 142 857
	BOT/87/C05	4 699 000	-	(335 643)	4 363 357
	BOT/87/CO6	2 740 000	-	(865 057)	1 874 943
Burkina Faso	RAF/94/CO2	-	200 000	-	200 000
Ghana	RAF/94/CO2	-	200 000	-	200 000
Mali	RAF/94/CO2	-	200 000	-	200 000
Nepal	NEP/85/C01	435 978	-	(145 326)	290 652
Senegal	RAF/94/CO2	-	200 000	-	200 000
		11 446 407	1 000 000	(2 774 598)	9 671 809

These loans are repayable over a period of 10 years. The amount due for 1995 and prior years is $335,643.

(d) Extrabudgetary account

The amount of $2,960,599 shown in schedule 8 represents the unspent balance as at 31 December 1995 of amounts charged to UNCDF projects for its indirect costs. The status of this account is as follows:

Balance as at 1 January 1994	$2 985 701
Amounts charged to UNCDF projects during the biennium	2 512 470
	5 498 171
Amounts utilized during the biennium	(2 537 572)
Balance as at 31 December 1995	$2 960 599

(e) Unliquidated obligations

The amount of $11,034,151 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$10 747 698
Unliquidated obligations of biennial budget, extrabudgetary and other activities	286 453
Total	$11 034 151

(f) Operational reserve

The Governing Council, at its twenty-sixth session, in 1979, approved the establishment of an operational reserve at the level of at least 20 per cent of project commitments and contingent liabilities for guarantees entered into by the Fund in respect of bank loans to Governments, excluding sub-trust fund and cost-sharing arrangements. In line with this decision, the operational reserve originally established in 1979 was adjusted to $40.2 million in 1995, as shown in schedule 8.

(g) Unspent allocations

The amount of $209,528,056 shown in schedule 8 consists of:

General resources	$204 307 277
Cost-sharing	315 083
Sub-trust funds	4 905 696
Total	$209 528 056

The partial funding system was originally approved by the Governing Council in 1979. At its thirty-fourth session, in 1982, the Governing Council reviewed the system and modified the formula for calculating the allowable ceiling of outstanding allocations to be the sum of liquid resources, exclusive of the operational reserve, plus five years of anticipated voluntary contributions.

In line with this decision, actual project allocations of $61.5 million were made in 1994-1995, excluding cost-sharing arrangements and sub-trust funds. The partial funding system allows a maximum of $226.3 million outstanding future allocations.

Allocations exceeding cost-sharing resources of $186,718 and sub-trust fund resources $1,814,810 were issued on the basis of contributions receivable from Governments and other contributors in the amounts of $20,000 and $3,035,493 for cost-sharing arrangements and sub-trust funds, respectively. These amounts are included in the contributions receivable of $5,774,855 shown in note 33.

Note 24. United Nations Revolving Fund for Natural Resources Exploration

(a) Programme expenditure

The amount of $458,317 shown in schedule 8 includes pre-project expenditure in the amount of $82,654.

(b) Technical support costs

Technical support costs incurred by the Fund are integral parts of project budgets and are not part of biennial budget expenditure. The Governing Council, at its thirty-eighth session, approved the establishment of technical support budgets. In line with this decision, technical support costs in the amount of $491,190 were incurred in 1994-1995 against allotments of $550,000.

(c) Loans to Governments

The amount of $522,345 shown in schedule 8 represents a loan made by the Fund to the Government of the Congo repayable over a period of five years. The amount due on the principal as at 31 December 1995 was $417,876.

(d) Unliquidated obligations

The amount of $10,280 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$3 350
Unliquidated obligations of biennial budget	6 930
Total	$10 280

Note 25. Trust Fund to Combat Desertification and Drought

(a) Consolidation of accounts

The Executive Board, at its fortieth session, enlarged the mandate of the United Nations Trust Fund for Sudano-Sahelian Activities to extend to all countries affected by drought and desertification. In support of this decision, the Trust Fund to Combat Desertification and Drought was established by the Administrator in 1995. The activities of these two funds for the 1994-1995 biennium have been consolidated, as shown in schedule 8. The status of income received and expenditure incurred for the biennium is as follows:

	United Nations Trust Fund for Sudano-Sahelian Activities	Trust Fund to Combat Desertification and Drought	Total
		(United States dollars)	
Balance as at 1 January 1994	35 030 311	-	35 030 311
Savings on prior biennium's obligations	41 537	-	41 537
Income received	11 718 375	890 010	12 608 385
Expenditure incurred	(23 174 109)	(4 613)	(23 178 722)
Transfers/refunds to donors	(244 402)	-	(244 402)
Balance as at 31 December 1995	23 371 712	885 397	24 257 109

(b) Other accounts receivable and deferred charges

The amount of $1,295,110 shown in schedule 8 represents the balance due from UNEP for institutional support and programme support in respect of the Plan of Action to Combat Desertification in the Sudano-Sahelian region. The status of contributions received and expenditure incurred as at 31 December 1995 is as follows:

	Institutional support	Programme support	Total
		(United States dollars)	
Balance as at 1 January 1994	60 746	(603 263)	(542 517)
Contributions received			
From UNEP	-	357 000	357 000
From UNDP	753 998	768 086	1 522 084
Expenditure incurred	753 998	1 125 086	1 879 084
By UNEP	(341 506)	(768 087)	(1 109 593)
By UNDP	(753 998)	(768 086)	(1 522 084)
	(1 095 504)	(1 536 173)	(2 631 677)
Balance due from UNEP as at 31 December 1995	(280 760)	(1 014 350)	(1 295 110)

(c) Unliquidated obligations

The amount of $606,885 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$412 777
Unliquidated obligations of biennial budget	101 994
Unliquidated obligations of UNDP/UNEP joint venture activities	92 114
Total	$606 885

(d) Management service agreements

The balance of $435,304 shown in schedule 8 represents the unspent balance of funds received from donor Governments in respect of management service agreements between those countries and the Fund. The status of income received and expenditure incurred as at 31 December 1995 is as follows:

Source of funding	Recipient country	Balance at 1 January 1994	Income received	Cost of services provided	Unencumbered balance 31 December 1995
			(United States dollars)		
Australia	Eastern and Southern Africa	-	74 074	(169 062)	(94 988)
Sweden	Burkina Faso	348 961	199 351	(375 257)	173 055
Sweden	Niger	322 768	92 589	(195 250)	220 107
Sweden	Senegal	241 758	277 895	(382 523)	137 130
		913 487	643 909	(1 122 092)	435 304

(e) Extrabudgetary account

The amount of $132,299 shown in schedule 8 represents the unspent balance as at 31 December 1995 of amounts received from non-core activities. The status of this account is as follows:

Balance beginning as at 1 January 1994	$ 213 709
Amount charged to sub-trust funds	103 926
Interest income from cost-sharing resources	868 302
Amount transferred from management service agreements	68 208
	1 254 145
Amounts utilized	(1 121 846)
Balance as at 31 December 1995	$ 132 299

(f) Unspent allocations

The amount of $14,919,491 shown in schedule 8 consists of:

	United Nations Trust Fund for Sudano-Sahelian Activities	Trust Fund to Combat Desertification and Drought	Total
		(United States dollars)	
General resources	2 981 680	-	2 981 680
Cost-sharing	10 050 331	586 387	10 636 718
Sub-trust funds	1 301 093	-	1 301 093
Total	14 333 104	586 387	14 919 491

Allocations exceeding resources of cost-sharing and sub-trust funds amounting to $4,880,734 and $326,411, respectively, were issued on the basis of contributions receivable from Governments in the amounts of $7,919,230 for cost-sharing and $243,077 for sub-trust funds. These amounts are included in the contributions receivable amount of $9,141,055 shown in note 33.

Note 26. United Nations Volunteers Programme

(a) Recovery of external costs

The Governing Council, at its thirty-ninth session, in 1992, revised the guidelines for the use of the Special Voluntary Fund and the procedures for recovery of external costs. It was decided that except in situations where special financing is available, the external costs of volunteers will be charged fully to project budgets on the basis of a pro forma cost. Any difference between pro forma costs and actual costs will be absorbed by the Special Voluntary Fund.

During the biennium, external costs totalling $9,117,769 were recovered and credited as income of the Fund. This amount is shown as part of other income of $9,304,862 in schedule 8.

(b) Other accounts receivable and deferred charges

The amount of $1,335,931 shown in schedule 8 includes the balance of amounts due from the United Nations of $655,803 as at 31 December 1995 for the purpose of funding specific projects through memoranda of understanding between UNV and the United Nations. The status of this account is as follows:

Balance as at 1 January 1994	$ (990 505)
Income received	3 608 383
	2 617 878
Expenditure incurred	(3 273 681)
Balance due from the United Nations as at 31 December 1995	$ (655 803)

(c) Projects financed by Governments

The amount of $4,285,591 shown in schedule 8 as other liabilities, represents the unspent balance as at 31 December 1995 of resources provided by donor Governments for the financing of specific projects. The status of this account is as follows:

Balance as at 1 January 1994	$3 611 733
Income received	9 391 038
	13 002 771
Expenditure incurred	(8 717 180)
Balance as at 31 December 1995	$4 285 591

The unspent balance of $4,285,591 represents advances to meet costs for current volunteer assignments and hence is not available for further programming.

(d) Unliquidated obligations

The amount of $206,134 shown in schedule 8 consists of:

Unliquidated obligations of extrabudgetary activities	$179 784
Unliquidated obligations of Special Voluntary Fund activities	11 350
Unliquidated obligations of sub-trust funds	15 000
Total	$206 134

(e) Extrabudgetary account

The amount of $2,231,429 shown in schedule 8 represents the unspent balance as at 31 December 1995 of amounts received from non-core activities. The status of this account is as follows:

Balance as at 1 January 1994	$2 102 340
Income/adjustments	2 192 713
	4 295 053
Expenditure incurred	(2 063 624)
Balance as at 31 December 1995	2 231 429

(f) Special Voluntary Fund

The Governing Council, at its thirty-ninth session, in 1992, decided that the income accruing to the Special Voluntary Fund, from voluntary contributions and interest income, would be utilized to meet expenditures for pilot and experimental projects, briefing of UNV specialists and the training of Domestic Development Services country specialists and field workers, special recruitment campaigns, and other projects of a similar nature. Prior to this decision, 85 per cent of the income accruing to the Special Voluntary Fund was used to meet external costs of volunteers. Project budgets were charged an assessed amount to cover external costs that were not met by the Special Voluntary Fund.

(g) Unspent allocations

The amount of $19,721,963 shown in schedule 8 consists of:

General resources	$ 6 998 756
Sub-trust funds	12 723 207
Total	$19 721 963

Of the unspent allocations of general resources, $4,527,750 represents estimated commitments in respect of repatriation travel and resettlement allowances for serving volunteers as at 31 December 1995.

Note 27. United Nations Fund for Science and Technology for Development

(a) Extrabudgetary account

The amount of $9,903 shown in schedule 8 represents the unspent balance, as at 31 December 1995, of amounts charged by the Fund to its sub-trust funds as support costs. The status of this account is as follows:

Balance as at 1 January 1994	$10 296
Expenditure incurred	(393)
Balance as at 31 December 1995	$ 9 903

(b) Unspent allocations

The amount of $680,887 shown in schedule 8 consists of:

General resources	$538 591
Cost-sharing	38 832
Sub-trust funds	103 464
Total	$680 887

Allocations exceeding cost-sharing resources in the amount of $4,688 were issued on the basis of contributions receivable from Governments in the amount of $52,556. This amount is included in the contributions amount of $826,814 shown in note 33.

Note 28. United Nations Development Fund for Women

(a) Technical support costs

The Governing Council, at its thirty-eighth session, in 1991, approved the establishment of technical support budgets. Technical support costs amounting to $1,164,914 were incurred in 1994-1995 against allotments of $1,237,500.

(b) Unliquidated obligations

The amount of $605,312 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$418 619
Unliquidated obligations of biennial budget	186 693
Total	$605 312

(c) Operational reserve

The Governing Council, at its thirty-fifth session, in 1988, approved the establishment of an operational reserve. At its thirty-seventh session, in 1990, the basis of calculation was revised to set the level of operational reserve using a sliding percentage scale applied to the Fund's forward commitments for a period of three years.

At its annual session in 1995, the Executive Board temporarily suspended the requirements of the operational reserve. However, a notional operational reserve is reported according to the current basis of calculation to ensure financial transparency.

The operational reserve as at 31 December 1995 would have been set at $8.5 million. However, the balance of unexpended general resources would only allow a maximum funding of the operational reserve at $4.1 million.

(d) Full funding system

The partial funding system was approved by the Governing Council in 1988, at its thirty-fifth session. In 1995 the Executive Board decided that UNIFEM would operate on a full funding basis for all new commitments entered into after 1 January 1995.

The Executive Board also granted UNIFEM the use of the UNDP overdraft facility during the period 1995-1997 up to a maximum drawdown of $4.5 million to cover its prior commitments. No drawdown from the overdraft facility was made as at 31 December 1995.

(e) Unspent allocations

The amount of $20,730,692 shown in schedule 8 consists of:

General resources	$13 124 363
Cost-sharing	5 790 899
Sub-trust funds	1 815 430
Total	$20 730 692

Allocations exceeding resources of cost-sharing and sub-trust funds amounting to $3,671,635 and $208,772, respectively, were issued on the basis of contributions receivable from Governments in the amounts of $1,519,900 for cost-sharing and $14,874 for sub-trust funds. These amounts are included in the contributions receivable amount of $2,051,005 shown in note 33.

Note 29. UNDP Energy Account

(a) Unliquidated obligations

The amount of $64,473 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$63 221
Unliquidated obligations of administrative budget	1 252
Total	$64 473

(b) Unspent allocations

The amount of $4,873,434 shown in schedule 8 consists of:

General resources and cost-sharing	$4 867 448
Sub-trust funds	5 986
Total	$4 873 434

Allocations exceeding general and cost-sharing resources of $130,679 were issued on the basis of contributions receivable from Governments in the amount of $1,315,569 shown in note 33.

Note 30. Trust Fund for the Global Environment Facility

(a) Unliquidated obligations

The amount of $10,691,038 shown in schedule 8 consists of:

Unliquidated obligations of executing agencies	$10 502 461
Unliquidated obligations of administrative budget	188 577
Total	$10 691 038

(b) Unspent allocations

The amount of $138,823,121 shown in schedule 8 consists of:

General resources	$133 800 894
Cost-sharing	1 867 322
Sub-trust funds	3 154 905
Total	$138 823 121

The unspent allocations for general resources include $2.1 million allocated for the Small Grants Programme. Allocations exceeding general resources in the amount of $99.8 million were issued on the basis of letters of commitment from the World Bank confirming allocations of $344.5 million to UNDP. Funds are remitted by the World Bank as required by UNDP. To date, a total of $181.6 million has been received.

Note 31. "Capacity 21" Trust Fund

The amount of $504,570 shown in schedule 8 as unliquidated obligations consists of:

Unliquidated obligations of executing agencies	$472 917
Unliquidated obligations of administrative budget	31 653
Total	$504 570

Note 32. Multilateral Fund for the Implementation of the Montreal Protocol

The amount of $18,991,528 shown in schedule 8 as unliquidated obligations consists of:

Unliquidated obligations of executing agencies	$18 935 386
Unliquidated obligations of administrative budget	56 142
Total	$18 991 528

Note 33. Contributions due from Governments and other contributors for trust funds administered by UNDP as at 31 December 1995

	United Nations Capital Development Fund	United Nations Revolving Fund for Natural Resources Exploration	Trust Fund to Combat Desertification and Drought (UNSO)	United Nations Volunteers Programme	United Nations Fund for Science and Technology for Development	United Nations Development Fund for Women	UNDP Energy Account	Trust Fund for the Global Environment Facility	"Capacity 21" Trust Fund
Voluntary contributions									
1991 and prior bienniums	356 502	44 503	461 041	193 568	574 808	124 361	500	-	-
1992	23 000	-	1 000	10 000	28 968	8 437	-	-	-
1993	4 481	-	4 000	901	32 629	14 138	-	-	-
1994	20 618	-	1 000	61 276	21 500	8 785	-	-	20 000
1995	2 314 761	4 000	511 707	426 407	38 322	360 510	-	-	1 016 260
Total	2 719 362	48 503	978 748	692 152	696 227	516 231	500	-	1 036 260
Cost-sharing contributions									
1994 and prior bienniums	20 000	-	1 595 506	-	52 556	-	1 089 543	-	-
1995	-	-	6 323 724	-	-	1 519 900	225 526	195 000	-
Total	20 000	-	7 919 230	-	52 556	1 519 900	1 315 069	195 000	-
Total voluntary and cost-sharing contributions	2 739 362	48 503	8 897 978	692 152	748 783	2 036 131	1 315 569	195 000	1 036 260
Contributions to sub-trust funds									
1994 and prior bienniums	1 201 952	-	-	840 000	78 031	-	-	-	-
1995	1 833 541	-	243 077	-	-	14 874	-	-	923 077
Total	3 035 493	-	243 077	840 000	78 031	14 874	-	-	923 077
Total contributions due	5 774 855	48 503	9 141 055	1 532 152	826 814	2 051 005	1 315 569	195 000	1 959 337

Note 33 (continued)

	Trust Fund for Environmental Conservation in Bhutan	UNDP Trust Fund for the Reintegration of Demobilized Military Personnel in Mozambique	Finland/UNDP Trust Fund for the Construction of an Agro-Veterinary School in Rushashi	African Training and Management Services Project	UNDP Fund for the Programme of Assistance to the Palestinian People	UNDP Trust Fund for Namibia	International Development Research Centre Trust Fund for Information Management Training Series	Trust Fund in Support of Peace-Building Activities in El Salvador	UNDP Trust Fund for the Council on Health Research for Development
Voluntary contributions									
1991 and prior bienniums	-	-	-	-	-	6 504	-	-	-
1992	-	-	-	-	-	-	-	-	-
1993	-	-	-	-	-	-	11 696	-	-
1994	-	-	85 865	-	-	-	-	5 970	-
1995	1 490 683	39 594	-	200 000	7 677 217	-	-	738 462	671 400
Total	1 490 683	39 594	85 865	200 000	7 677 217	6 504	11 696	744 432	671 400
Cost-sharing contributions									
1994 and prior bienniums	-	-	-	-	-	-	-	-	-
1995	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total voluntary and cost-sharing contributions	1 490 683	39 594	85 865	200 000	7 677 217	6 504	11 696	744 432	671 400
Contributions to sub-trust funds									
1994 and prior bienniums	-	-	-	-	-	-	-	-	-
1995	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total contributions due	1 490 683	39 594	85 865	200 000	7 677 217	6 504	11 696	744 432	671 400

	UNDP/NOVIB Group of Resource Persons for Awareness Creation for Environment and Sustainable Development in Asia	UNDP/CIDA Trust Fund for Non-formal Education: Youth Centres Project	Trust fund for Aral Sea Basin Programme	UNDP/ Switzerland Pooling Agreement for Technical Assistance to the Health Sector	Sweden Trust Fund for the "Support to Cambodia Resettlement and Reintegration Programme (CARERE)"	UNDP Trust Fund for the "Support to Demining Programmes in Cambodia through the Cambodia Mine Action Centre"	Support to the Employment Generation Programme in Gaza	UNDP/Sweden Trust Fund for the "Support to the Comprehensive Disabled Afghans Programme"	UNDP/LAO PDR Trust Fund for Clearance of Unexploded Ordnance
Voluntary contributions									
1991 and prior bienniums	-	-	-	-	-	-	-	-	-
1992	-	-	-	-	-	-	-	-	-
1993	-	-	-	-	-	-	-	-	-
1994	26 538	-	-	-	-	-	-	-	-
1995	-	42 647	270 000	1 481 842	1 538 462	1 538 462	769 231	423 077	32 680
Total	26 538	42 647	270 000	1 481 842	1 538 462	1 538 462	769 231	423 077	32 680
Cost-sharing contributions									
1994 and prior bienniums	-	-	-	-	-	-	-	-	-
1995	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total voluntary and cost-sharing contributions	26 538	42 647	270 000	1 481 842	1 538 462	1 538 462	769 231	423 077	32 680
Contributions to sub-trust funds									
1994 and prior bienniums	-	-	-	-	-	-	-	-	-
1995	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-
Total contributions due	26 538	42 647	270 000	1 481 842	1 538 462	1 538 462	769 231	423 077	32 680

Note 33 (concluded)

	UNDP/Sweden Trust Fund for Support to Integrated Crop and Food Production in Afghanistan	UNDP Trust Fund for the Evaluation of UNIFEM	UNDP/Sweden Trust Fund for Support to a Financial Systems Development Project, Angola Phase II	UNDP/Sweden Trust Fund for Support to Improved Handling of Property Issues in Nicaragua	United Nations Trust Fund for Operational Programme in Lesotho
Voluntary contributions					
1991 and prior bienniums	-	-	-	-	153 846
1992	-	-	-	-	-
1993	-	-	-	-	-
1994	-	-	615 385	-	-
1995	615 385	37 941	-	613 778	-
Total	615 385	37 941	615 385	613 778	153 846
Cost-sharing contributions					
1994 and prior bienniums	-	-	-	-	-
1995	-	-	-	-	-
Total	-	-	-	-	-
Total voluntary and cost-sharing contributions	615 385	37 941	615 385	613 778	153 846
Contributions to sub-trust funds					
1994 and prior bienniums	-	-	-	-	-
1995	-	-	-	-	-
Total	-	-	-	-	-
Total contributions due	615 385	37 941	615 385	613 778	153 846